**British** 

economy

goes down

in Italian

estimation

OF ALL the slogans being re-

hearsed by senior ministers in the Italian coalition Government, the one evoking the strongest mixture of public pride and incredulity is:

We are overtaking the British to become the world's fifth economic

In an increasingly pre-election at-mosphere, the Government has de-cided that this claim best encapsu-lates the economic achievement which it wants to be attributed to

nearly three and a half years of sta-bility under the premiership of the Socialist leader, Mr Bettino Craxi.

But belonging to a coalition and fearing the possibility of early elec-tions once Mr Craxi hands over to a

Christian Democrat at the end of March, the Socialists and Christian

Democrats are gently vying for the public credit for managing to "over-

take" the British. Mr Giovanni Goria, the Christian

Democrat who has been Treasury

Minister since early 1983, has

claimed in two recent interviews that it was his party's priorities of reducing inflation and controlling

public expenditure which delivered one of the highest growth rates in western Europe for Italy. He forecast last weekend that during 1987, Italy would overtake the IUE to become the felt learned.

the UK to become the fifth largest industrial economy in the world with a quality of life among the most envisible."

It seems it was Britain's own Na-

tional Institute for Economic and Social Research which alerted Ital-

an politicians to the race which

their economy is winning. A Finan-

cial Times report in early Decem-ber on an institute forecast that

Britain would soon be overtaken by

Italy was picked up by the Italian press and amplified by ministers.

Most have tended to ignore the fact that the institute stressed that

up to date and reliable comparisons of the two economies, based on pur-

chasing power parities, were not yet available. Secure in the knowl-

edge that the Italian post-war

growth rate has averaged around

5.7 per cent compared with little

more than 3 per cent in the UK and

more substantial than its British

counterpart, the politicians have

been happy to deal in simple asser-

Since things British are still re-

garded with considerable respect

and, in some quarters awe, the ordinary Italian's jaw tends to drop at

the news that their country is rich-

er. In the absence of definitive num-

By John Wyles in Rome

Wednesday January 7 1987

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### Vietnam says it killed 500 by First Chinese

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FRICA

Vietnamese troops have killed nearly 500 Chinese soldiers in border clashes inside northern Vietnam, Hanoi Radio claimed. The radio, monitored by the BBC in London, said Chinese infantry launched three attacks on Monday in the border province of Ha Tuyen but were besten back with heavy Chinese

Forces of the two countries have clashed before on their border but there have been no reported major incidents in the last four years. There was no immediate comment

#### China's tougher tone

China's official People's Daily published a strong editorial attack on "bourgeois liberal" influences which it said had "poisoned" young people.
It was the first sign of what may be
the end of a period of unusual academic and artistic freedom. Page 18

#### Shevardnadze plea

Soviet Foreign Minister Eduard Shevardnadze appealed in Kabul to Moslem rebels to respect a cease-fire offered by Afghan leader Gen Najibullah. He said it would mean the soonest return to the motherland of Soviet troops." Page 2

#### South Africa threat

South Africa's biggest cinema chain, facing boycotts by US film makers, threatened to close its theatres in towns which enforce ra-

#### Charter 77 defiant

The Czechoslovak human rights group Charter 77 staged a rere news conference to mark its 10th. anniversary despite a major police operation to prevent it taking place. Some members were detained or 1985 prevented from leaving their homes.

#### Prague explosion

A powerful explosion and fire damged the headquarters of Czechoslovakia's chief state planning body in Prague, and witnesses reported at least one person dead and six in-jured. The blast was blamed on a

#### Libyans pelted

Twenty-two Libyan prisoners of war were pelted with stones and 10 mg sticks when they were paraded at a frenzied anti-Libyan rally in NDia-mena, the Chad capital. Fresh fight- $= -\frac{\log k_{\rm ph}}{2}$ ing was reported between troops of the two nations. Page 3 1100

#### Vanunu hunger strike

Mordechai Vanum, 31, the Israeli technician acoused of passing atom-ic secrets to the British press, be-gan a prison hunger strike to pro-test at what he said were efforts to way break him, the Israeli newspaper

#### Siberia gets colder

The Siberian region of Yakutia, one of the world's coldest places, be-came colder still with temperatures plunging to -60C (-76F). Tass reported that ported that tyres on vehicles cracked.

> Guard flees to West A soldier on watchtower duty on East Germany's heavily-guarded border stole the key to a frontier fence gate and fled to West Ger-

#### many during the night near Fulds.

Aircraft catches fire A charter aircraft taking Swedish holidaymakers to Spain caught fire in Stockholm after an abortive take-off. All 27 passengers and crew were evacuated safely.

#### Ski-slope police

Thirty "piste police" were sworn in at Zermatt, Switzerland, authorised to break up fights in lift queues or between skiers who collide. They will not wear uniforms but will carry identity cards.

### BankAm rejects bid Interstate

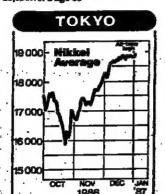
Business summary

BANKAMERICA, beleaguered par ent of the second biggest US bank rejected a \$3.4hn all-paper takeover hid from First Interstate and authorised the raising of new capital to repair the bank's damaged balance sheet. Page 18

sheet. Page 18
LONDON: Renewed firmness in sterling combined with a strong opening on Wall Street to inject fresh. Life into London equities while government bonds scored gains of up to half a point. The FT-SF 100 index was 10.7 higher at 1,490.7 and the FT Ordinary index finished 11.5 higher at 1,334.3. Page 38

WALL STREET: The Dow Jones industrial average closed 3.51 up at 1,974.83. Page 38

TOKYO: The upsurge on Wall Street on Monday stimulated inve-tors to buy, pushing the Nikkei av-erage to a record high, up 116.21 at 18,936.76, Page 38



GOLD rose \$1.75 on the Landon bul-

DOLLAR closed in New York at DM 19160, SFr 1410, FFr 63795 and Y158.70. It fell in London to DM 19200 (DM 19305); it also fell to Y158.75 (Y159.45); to SFr 1.6125 (SFr L6285); to FFr 6.3875 (FFr 6.3850). On Bank of England figures the dollar's exchange rate index fell to 107.9 from 108.2 Page 31

STERLING closed in New York 4815. It rose in London to \$1.4765 (\$1.4739); it also rose to FFr 9.4325 (FFr 9.4200); but fell elsewhere to SFr 2.38 (SFr 2.3975); and to Y234.25 (Y234.75). The pound's exchange

rate index rose 0.1 to 88.9. Page 31 CFTICORP, largest. US banking group, held talks with Dai-Ichi Kangyo Bank of Japan on a project en-

abling customers to use automatic teller machines in each other's

FIAT, limitan motor group, under-lined its determination to make a success of its takeover of Alfa Romeo by allocating a paid-up capital of L1,500hn (\$1.1bn) to its Alfa Lencia subsidiary. Page 19

FRENCH Treasury named 13 "spé-cialistes en valeurs de Trésor," or SVTs, to make a market in govern-ment debt instruments. Page 19

WANG Laboratories, US maker of office automation equipment, is re-ducing pay for its US employees by 6 per cent and cutting 1,000 jobs in ection of a quarterly operat-

MOSCOW will pay Finland the trade deficit of Rbls 500m (\$750m) accumulated during 1986 over the next five years. This will form part of a trade protocol between the two

countries to be signed in Helsinki FIRST NATIONWIDE Bank, rapidly growing US savings and loan subsidiary of Ford Motor is setting up 150 new branches which will be based in K mart discount stores

around the US. Page 19 WEST GERMANY'S economy will expand by only 1.5 per cent this year because of stagnating exports and slack domestic demand, says the German Institute of Economic

arch. Page 2 DE BEERS' Central Selling Organi-sation's world sales of rough (uncut) diamonds rose 40 per cent last year diamonds rose 40 per cent last year two or three weeks, or a month at to \$2.56bn, confirming the end of a the most. The deposit had since five year trade recession. Page 39 been renewed on a monthly basis, five-year trade recession. Page 30 | been renewed on a monthly basis,

### Congress gathers to challenge Reagan

BY LIONEL BARBER IN WASHINGTON

lain of the House of Representational defence, and the trillion dolstitution of a Democrat alternative for fiscal 1988, which starts on Octoperss convened just after noon yesterday to elect leaders and open a fresh chapter in American history and the presidency of Ronald Reason would deliver his the new balance of power on Capital 1988, which starts on Octopers and the presidency of Ronald Reason would deliver his

gan.
The President, spending his third day in hospital after prostate surgery and tests to check for a recurrence of colon cancer, faces a Con-gress with Democrat majorities in both chambers for the first time since taking office.

Mr Reagan, who is 76 next month, is certain to be confronted with major challenges from the Democrats during his final two years as President, most immedi-

The French authorities yesterday stopped supporting the franc and let it slip to its lowest permitted level of FFr 3.3303 against the D-Mark. The franc then moved below this level in late trading

The French move seemed partly designed to step up pressure for coxrective action on the D-Mark by

the West German authorities. It came after intervention by Euro-pean central banks earlier in the

Mr Jacques Chirac, the French

Prime Minister, attacked the German authorities for not acting to

prevent the D-Mark's rise against the franc and other European cur-

The mounting EMS tension

seems likely to add to difficulties

run up to the January 25 general

day to limit a D-Mark surge.

level in late trading.

Democrats, however, are already publicans and Democrats broke out preparing their own agenda before over the two separate House out the address. Before the week is out, Senate select committees set up to they hope to authorise two commit-tees to investigate the Iran-contra scandal, introduce legislation to pave the way for a comprehensive immediate publication of a 150-page trade bill, and begin hearings that will ultimately lead to the rejection majority Senate Intelligence Com-

as Paris and Bonn

if there is to be an EMS re-align-

ment, Bonn should revalue the D-

months of irritation in Paris over

clash on D-Mark

BY GEORGE GRAHAM IN PARIS AND DAVID MARSH IN BONN

AFTER a brief prayer by the Chap- stely on the Iran arms scandal, na- of Mr Rengan's budget and the sub-

State of the Union address – the most important annual platform for the US President – on January 27 to a joint session of Congress.

Hill yesterday, saying: "I don't think the budget in itself has a prayer. I think it's a starting point."

Partisan in fighting between Re-

The Democrats, who successfully rebuffed Mr Reagan's request for

Republican presidential nomination

ened to tack an amendment to release the report on to the legislation required to set up the bipartisan se-lect committee this week. The White House bitterly attacked the delay, disclosing its anxiety over the likely political fall-out in future.

Democrats point out that key tes-timony has yet to be heard, and they want to broaden the scope of the select committee's inquiry to cover the private aid network to the

mittee, suggested a deadline of Oc-mandate of the independent countober 30 for the new Senate panel. sel, Mr Lawrence Walsh, who i Senator Dole, a contender for the conducting his own investigation. Senator Daniel Inouye, Democrat hoped to begin hearings next the House select committee every

> The President yesterday expressed outrage at the Intelligence Committee's refusal to make public its report on the arms scandal, Mr Larry Speakes, the White House

The White House denied reports that the Administration is seeking a essor to Mr William Casey.

### EMS under pressure Chirac defiant on wages as strikes spread

MR JACQUES CHIRAC, the French Prime Minister, responded last night to one of the most widely followed public sector strikes that France has experienced in recent years by restlirming that the gov-ernment would not modify its

A MAJOR currency row between being faced on world markets by France and West Germany was deWest German exporters.

West German exporters.

The latest fall has been sparked of the past. But, if the Franch franc revaluation of the D-Mark within the ris stemming from the prolonged train strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the Bundesbank with no strike following the bout of the past But, if the Franch against the D-Mark when the exchanges open this morning, this will leave the Bundesbank with no strike fall has been sparked to the past But, if the Franch franc remains at its lowest permitted level against the D-Mark when the exchanges open this morning, this will leave the Bundesbank with no strike following the bout of the past But, if the Franch franc remains at its lowest permitted level against the D-Mark when the exchanges open this morning, this will be the past But, and the p wages policy.

Mr Chirac said he hoped that the strikes would be ended through neyear. But, both President François
Mitterrand and Mr Jacques Chirac,
the French Prime Minister, yesterday attempted to play down any
question of a crisis around the
currently wayward growth of the gotiated agreements between pub-lic sector enterprises and the unions. But he also raised the possibility that the conflict could only be resolved by fresh elections. How-ever, he added, "We are not there Rather than submit to pressure for a franc devaluation, the Paris Government suggests instead that, mut Kohl the West German Chan-

Services on the Paris metro were cut by half and faster commuter services to the capital were even worse affec Many Parisians stayed away

EEC summit in London last mouth, from work leaving the streets at midday relatively free of traffic. Electricity cuts were widespread Government officials in Bonn said that the latest speculation over months of irritation in rans over the currency policies of the Bonn Government and the Bundesbank, a D Mark revaluation was the simple right-wing general bank. The right-wing general thank. They fermed the pressure economically unjustified.

Rossever, it is clear in view of throughout the country with some 4000MW of capacity - equivalent for four nuclear power stations - taken out of action by the strike.

summer that the tight interest rate however, it is clear in view of policies of the Bundesbank, have increased pressure on other EMS currencies, and have prevented France west German inflation and the re-

fusal of the government and the Ferry services across the English bank to relax monetary or fiscal policies in recent months that | Channel were also affected by stoppages in the docks.

The widening of the conflict to

the rest of the public sector came at the initiative of the Communist led CGT union. Some 10,000 CGT and Communist supporters also demon-strated through the streets of Paris. But the CGT action also coincided with strike calls on the Paris urban transit network by other unions pressing wage claims and with the



Mr Jacques Chirac

representing over 50 per cent of Me-tro workers renewed their call for strike action today. Electricity workers also seemed

likely to stay out today after salary negotiations broke down late last night

Prime Minister strongly criticised | that the "black economy" is much the Communists for turning the strike into a political conflict and a weapon "for directly attacking the government's policy." He accused the Communists and the CGT of "trying to torpedo the government

Mr Chirac put the responsibility for ending the strikes firmly into the hands of the public sector enterprise saying that the government had no right to interfere in their af-Continued on Page 18

and Italians' ability to cons Continued on Page 18

### Ansbacher to reject Guinness request for return of £7.6m

Officials last night were hoping

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

Government officials in Bonn, The timing of the tension in the showing signs of accute embarrass-

ment over the currency flare up, en-erge ically rebuffed any question of ment of EMS currencies is possible

a D- lack revaluation, pointing to at least until after the elections.
the mpetitive problems already Officials last night were hopi

HENRY ANSBACHER, the merchant bank, will today reject a request from Guinness' lawyers for the return of a sum of £7.6m which lies at the centre of the controversy over dealings in the brewing com-

Ansbecher's defiant stand will blige Guinness to decide whether oblige Guinness to decide whether to carry out its threat of legal action to recover the money, the status of which is botly disputed. If so, the question whether the dealings breached the Companies Act pro-hibition on companies buying their own shares will receive an airing in the courts.

the courts. A spokesman for Ansbacher said last night that the bank had taken legal advice, and was standing by its position that the money had been transferred to it by Guinness to pay for Guinness shares acquired during last year's takeover battle for Distillers. Guinness maintains that the money was only placed as an interest-free deposit.

Ansbacher's response will be conveyed today to Kingsley Napley, the law firm of Sir David Napley, the solicitor who has been retained by

Yesterday, Kingsley Napley delivered a letter to Ansbacher saying that the money had been placed for

The British Government has no plans to appoint more inspectors to investigate insider share deal-ing, according to Mr Michael Howard, Under-Secretary for Corporate and Consumer Affairs. It had already taken sufficient powers to deal with abuses and was using them vigorously effectively, he said. Page 18

and Guinness wanted it back when the latest renewal expired on January 19. The letter threatened legal action if Anshacher did not comply.
According to the letter, the deposit was planned by Mr Olivier Roux,

tion that it never intended to pay though it is not clear whether a de-

the first time that Mr Rour's name has been officially linked to the disputed money, and an indication giv-en that he had prior knowledge of the transfer. Previously, Guinness has refused to comment on reports that Mr Roux authorised the transfer of £7.6tn to Ansbacher. The letter also contains the first official confirmation that the mon-

ey came from Guinness. Although the transfer advice received by Ansbacher named Guinness as the remitter, Guinness had not confirmed

dealing controversy.

The letter says Morgan will not co-operate with Guinness in this matter because of the inquiry which

chant bank which acted for Guin-ness during the takeover, but which

has since resigned over the share

Correncies, Page 31

cellor, of his worries over policies on the D-Mark on the fringes of the

according to Bonn officials.

is being carried out by two inspec tors appointed by the Department of Trade and Industry. ter to Ansbacher as to why Guin-ness should have decided to make an interest-free deposit with Ansbacher, or why it has decided to withdraw the money now. It does, however, underline Guinness' posi-

posit would amount to an induce-ment under the terms of the Comey to buy 2.3m Guinness shares on the instruction of Morgan Grenfell. This would have had the effect of bolstering Guinness' share price and sustaining the value of its offer

to Distillers she Guinness declined to comment on reports yesterday that Mr Ernest Saunders, the chief executive, had that the money was its own.

The letter has attached to it a board to explain the company's copy of a letter to Kingsley Napley handling of the bid. Mr Saunders is expected to face questioning from

### MEET THE FUTURE **ONJANUARY 16TH**

A new future for share ownership lies with the private investor. Popular awareness of equities has intensified in the wake of recent flotations. The challenge now is for the City to respond. Already, financial houses are teaming up with marketing professionals to create new products, new outlets and new promotions.

Who will be leading this fiercely competitive field? And where are you placed?

To help strengthen your hand, a conference has been arranged for January 16th.

#### MARKETING SHARES TO THE PRIVATE INVESTOR

Hosted by The Hambro Company Guide, it's at the Meridien Hotel in Piccadilly. Speaking for the Government will be HM Treasury Secretary Norman Lamont, MP.

lan Wrigglesworth, MP of the SDP, will represent the Opposition. Pioneers in wider share ownership from Barclay Share, Quilter Goodison and Hoare Govett will reflect on the current climate, alongside the Stock Exchange's Head of Public Affairs, with directors from Dewe Rogerson and advertising agency DFS Dorland. Philip Hardman will comment on PEP, while broadcaster and journalist Simon Rose will speak for the private investor. Meet the future—and share the gains—by booking your conference place today.

Phone 01-253 4106 and speak to Jill Meiring. Telex 914010 WEBCOM G.

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### Papandreou seeks to repeat conjuring trick on US air bases

DR Andreas Papandreou's bases a second time.

Socialist Government pulled off Dr Papandreou is faced with an audacious conjuring trick in an awkward combination of cir-

Elected to power 23 months general election is normally earlier on a platform of closing due in June 1989. The bases down the four US military bases problem, however, must be in Greece, it signed a new resolved before then. The Deca defence and economic co-opera-tion agreement (Deca) with the US has let it be known Washington which extended that, for budgetary reasons their operation for a further

Following the signature, dozens of banners appeared overnight in Athens proclaimoverlight in Athens proclaim-ing in bold Socialist Party green: "The struggle has been vindicated. The bases are going." The Deca itself was officially billed: "An agreement for the removal of the bases."

The conjuring trick may not have fooled everyone, but it was helped by popular contentment with the Government's domestic policies, particularly an expansionist economy policy featuring generous increases in wages and pensions. It worked sufficiently well to permit Dr Papandreou to secure a second term in office on the strength of the radical left vote, in general elections in June 1985. The question preoccupying political observers today is election.

whether the Prime Minister can
pull off a similar trick on the deal less

THE FRENCH Communist Party

and the Confederation Generale du Trevail (CGT) — the

ration which is dominated by

the Communists — are back on centre stage in France. The CGT yesterday organised a wide-

spread strike in several public sectors crippling the Paris urban transport network, caus-

ing power cuts, and attempting

to provoke unrest in postal ser-

vices, as well as backing the continuing disruptions in the

Mr Henri Krasucki, the CGT leader yesterday again called for the strike movement to be spread to other public sectors as he led a protest march of railway workers from the Mont-

parnasse station to the Bastille in Paris. In a long editorial in

BY MAURICE SAMUELSON

to neighbouring countries, in-cluding Britain, were suspended yesterday as a result of de-

cumstances. The next Greek among others, funds must be earmarked for the dismantling and relocation of the bases if Greece does decide to close them down. It needs to know by the end of next summer, in general terms at least, whether the bases are to go or stay.

At the same time, the Government of the bases are to go or stay.

At the same time, the Government's standing with radical left voters has deteriorated sharply since June 1985. Both Communist opposition supporters, who voted for Dr Papandreou in the 1985 general elections in order to block a return of the conservative New Democracy Party (Greece's main opposition group) to power, and members of the leftwing of the Socialist Party, are now profoundly disaffected with power, and members of the left-wing of the Socialist Party, are now profoundly disaffected with the economic austerity policy launched by the Government in the immediate aftermath of the election.

By extension, they are a great deal less disposed to tolerate

But closing down the bases is no easier for Dr Papandreou now than it was furing the negotiations with Washington during his first term.

One major constraint is the annual financial military assis-tance which Greece receives from the US, in fierce competi-

Charbounages de France (CdF) plans to close several coal mines in France and cut its work-force by between 25,000-27,090 jobs during the next five years. It currently employs about

40,000 people.

The plan, disclosed by unions yesterday, is expected to entail the closure of all mines in the Nord-Pas de Calais region by 1990 and the concentration of production in Lorraine.

The pro-Communist CGT union has already warned that it would fight the plan.

anyone else to see how the rail-

way strike movement, started by workers, many of whom weree acting independently of unions,

has spilled over into other areas.
The CGT leadership had originally opposed a railway strike coinciding with the Christmas holiday. But seeing the scale of the movement, they quickly tunped on the bandwagon.

Both union and Communists

in Paris. In a long editorial in the Communist daily newspaper, L'Humanite, he called on workers to "stand up and march".

After suffering a steady decline in influence and votes, the Communists and their elements are them too

EXPORTS of French electricity power stations from the rail-

PARTY SEIZES OPPORTUNITY TO MAKE UP LOST GROUND

Strikes give French Communists a boost

the governing coalition with the Socialists three years ago. In the intervening period, the Communists have seen their electoral influence decline to barely 10 per cent of the national vote in the legislative elections last March which put the right in government. The CGT, too, has seen its influence shright as a demoralised made

Exports of electricity suspended as blackouts spread

Andriana Ierodiaconou

reports from Athens on

the dilemma confronting

Dr Papandreou (right)

as he faces US demands

remove, but which have

since his election in 1983

continued to operate

that he decide the fate

of the four air bases

he has pledged to



sleights of hand in foreign policy. The drubbing suffered by the Socialists in municipal elections last October highlighted the voters' feeling that the Government's words and deeds were falling to match up.

But closing down the bases is no easier for Dr Papandreou now than it was during the negotiations with Washington during his first term.

One major constraint is the

to work on external projects such as the Channel Tunnel and will seek to find other jobs for miners with less than 15 years' experience.

special case — since the left state-owned car group which confidence to the Communists. that been a traditional bastion If it were to fixle out, however, the Communists withdrew from of its strength. Even at the governing coalition with the Socialists three years ago.

In the intervening period, the Communists have seen their accepted redundancies, workers and file have already denounced to the Communist party.

France's nuclear stations effect, disconnected from other delight at British Coal and

CdF intends to lay off workers aged over the Communists the opportunity to recoup some of the 45 with more than 25 years at work, according to the unions. CdF will guarantee miners with not only to attack the government of their working life provided they accept they may be transferred to different jobs or sites.

CdF is also proposing to second workers.

1953, the year after Greece appears to be in a hiatus. The joined the Atlantic alliance, two sides are understood to joined the Atlantic alliance. The facilities support surveillance flights in the Middle East and monitor Soviet activity in the eastern Mediterranean.

There need be no contradiction, they argue, between removing the bases and remaining a firmly committed member of the Western strategic camp. Most Western diplomatic observers, however, believe that closing the US facilities would cast a chill on Greece's relations not only with the US, but also There need be no contradiction, they argue, between removing the bases and remaining a firmly committed member of the Western strategic camp. Most Western diplomatic observers, however, believe that closing the US facilities would cast a chill on Greece's relations not only with the US, but also with its other allies in Nato—a forum in which the Greeks are

On the political front, Greek to have been met with some officials are at pains to stress that there is no linkage between the presence of the US bases power to tackle this issue of

been given a chance as well to test the level of popular sup-port they can still count on. If the strike movement grows, it is bound to give renewed confidence to the Communists. If it were to divide out however

to Washington last November
by Mr Karalos Papoulias the
Greek Foreign Minister.
According to both Greek and
US officials, however, the talks
have not started yet, nor has
t been decided on what level it been decided on what level they are to be conducted. Most American and Greek Most American and Greek observers believe that Dr Papandreou will use the discussions when they do start to hammer out a compromise arrangement on the basis which would hope to satisfy both Washington and the Greek radical left.

The most commonly invoked scenario is that Hellenikon airbase on the eastern outskirts of Athens is closed down,

and Greece's membership of the bases in the face of vociNato. The American bases ferous Socialist and Comwere first set up in Greece
under an agreement signed in
1953, the way after Greece Meanwhile the bases issue least begun, while the other Meanwhile the bases issue least begun, while the other appears to be in a histus. The three US bases — one to the north of Atlans and two on the island of Crete—remain.

The US is thought not to be averse to the idea of dis-mantling Hellenikon, the most visible of the US military in-stallations in Greece—it lies along the airport road and reconnaissance aircraft can be seen taking off from the airport's runway—and thus the focus of labour action by Greek personnel and a possible security risk.

This compromise would also rnis compromise would also preserve what is generally regarded as the least easily replaceable US installation in Greece—that at Souda Bay on Crete, which has a natural harbour able to accommodate most of the US Sixth Flass. of the US Sixth Fleet.

"The Prime Minister isn't going to try and solve his domestic political problems using foreign policy issues," one Greek official said. "But the bases can't continue to operate as they do today after 1988. When we start discussions we have to consider all possible options—not only that of the options—not only that of the bases staying. The Americans have to understand that."

#### Airlines' fare price fixing faces challenge

AN IMPORTANT legal challenge to the fare pricing prac-tices of European airlines is tices of European airlines is likely to emerge in the spring at the European Court of Justice in Luxembourg.

The court, the highest legal power in the EEC, said yesterday that the West German Supreme Court had referred a case questioning the legality of cut-price tickets offered by a Frankfurt travel agen. Also involved is he question of whether travel agents should be allowed to sel at home tickets bought in other countries.

The eventual decision will be of key importance to the European Countries.

The eventual decision will be of key importance to the European Commission's separate campaign to create increased competition in the airline industry. EEC transport ministers failed to agree on a package of modest reforms last monh, but the Commission plans to pursue its own legal action against European airlines.

Preliminary arguments, in the West German case, will be heard by the full court—a pro-

heard by the full court—a procedure reserved for cases of high political significance—on May 6. Its legal opinion is due in the late summer and a final judgment expected by the end of the year.

This will be the most important ruling on airlines' restrictive practices since the court's decision last April, in a case involving a French travel agent, that the air transport business was subject to EEC compatition laws.

was subject to EEC companion laws.

The Frankfurt case is adirect threat to price fixing arangements between Lufthansa and the West German Transport Ministry and, by extension, to price fixing schemes elsewhere in the Community.

The cause of the present dispute is the discovery by Mr Ahmed Saeed, a Lebanese travel agent based in Frankfurt, that Lufthansa tickets from Lisbon

Lufthansa tickets from Lisbon to Tokyo via Frankfurt were 20-30 per cent cheaper than tickets from Frankfurt to Tokyo direct. By buying tickets in Lisbon and selling them to travellers in Frankfurt, he was

travellers in Frankfurt, he was able to undercut his competition substantially.

An official West German competition monitoring group accordingly took Mr Saeed to court on behalf of his competitors and Lufthansa, alleging that he was breaking the fixed rates for airline tickets officially andorsed by the Bonn Governendorsed by the Bonn Govern-

ment.
The Supreme Court subsequently ruled that Mr Saced's cut price tickets to Japan were a clear infringement of national law, but applied to the Euro-pean Court because it could not decide whether the same applied under EEC competition regulations.

It has asked in particular for rulings on whether West German air transport controls are compatible with articles in the Treaty of Rome forbidding unfair price fixing, the abuse of dominant market positions and agreements likely to distort competition.

#### Interest rates come down in Portugal

By Diana Smith in Lisber THE PORTUGUESE Finance THE PORTUGUESE Finance Minister has lowered to 20 per cent the maximum ceiling on various types of short-term and long-term interest. Despite independent suggestions that theinflation rate this year could reach around 15 per cent. Mr Miguel Cadilhe, insists that it will not rise above 9 per cent: therefore, maximum interest charged on investment loans still apepars to be prhabilitiely

still apepars to be prhoibitively still apepars to be prhoibitively high.

Concerned by singgish response to its calls for more dynamic business investment, the Finance Ministry has announced that it is studying the possibility of freeing loans of more than three years from the restrictive credit ceilings imposed on all financial institutions. Last year, loans of more than five years were removed from the ceilings.

This, however, did not produce a rush fo new investment

This, however, did not produce a rush fo new investment since the interest on such operations is almost impossible to bear for small businesses. The ministry has added a rider to its apparent liberalsation of longer-term lending, by saying that it would olay authorise ceiling-free loans of more than five years if these were "in the national interest."

FINANCIAL TIMES

### Bonn junior coalition partner urges tax cut

stimulus for economy

WEST GERMANY'S liberal Free Democratic Party (FDP), the junior partner in the centreright Bonn coalition, has called for tax cuts this year to prevent the economic upswing running

out of steam. out of steam.

The demand contrasts with the Government's increasingly strained official policy line that there is no need to boost the economy. It has upset Chancellor Helmut Rohl's Christian Democratic Party, the dominant force in the administration. force in the administration.

At a pre-election meeting in

Socialists three years in the intervening period, the manunists have seen their ectoral influence decline to arely 10 per cent of the lational vote in the legislative elections last March which put the right in government. The decline of the party has elections last March which put the right in government. The decline of the party has provoked a growing internal debate with an increasing number of dissidents, including shrink as a demoralised rank and file has appeared increase ingly reluctant to take major leadership's hard-line Moscow of the current conflict which orientated policies. And this debate has also spilled over into the union.

The decline of the provoked a growing internal have publicly cracked as "bounder provoked a growing internal have publicly cracked as "their" strike.

Woreover, an intensification of the current conflict which could eventually precipitate an early presidential election is not seen as necessarily in the communist feel confident that they make "bounded as a growing internal between the same and the confident that they are also spilled over into the union.

The decline of the provoked a growing internal between the same provoked a growing internal have publicly cracked as "their" strike.

Woreover, an intensification of the current conflict which could eventually precipitate into the union.

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Woreover, an intensification of the current conflict which could eventually precipitate into the union.

The decline of the provoked a growing internal have publicly cracked as the provoked as growing internal have publicly cracked as the provoked as growing internal have publicly cracked as the provoked as growing internal have publicly cracked as the provoked as growing internal have publicly cracked as a the provoked as growing internal have publicly cracked as a the provoked as growing internal have publicly cracked as the provoked as growing internal have publicly cracked as a the provoked as growi At a pre-election meeting in Stuttgart yesterday of the FDP's executive board, party officials said that tax reductions originally programmed for 1983 could be brought forward to this year without difficulty.

Count Otto Lambsdorff, the former Economics Minister, and economic policy spokesman of economic policy spokesman of the FDP parliamentary group-ing, said economic growth was-unlikely to reach the targeted 2.5 per cent this year unless the economy was given a

This view is rebuffed by Mr per cent.

Gerhard Stoltenberg, the Finance Minister, who is sticking to the view that additional action is nunecessary.

However, the official government line has appeared increasingly threadbare in recent

months as signs have multi-plied of flagging domestic demand and of problems for West Germany's exports.
Provisional statistics yester-day from the federal statistics office also indicated that the economy is becoming increas-

Incoming orders for manufac-turing industry fell 1 per cent in November compared with October in real, seasonally adjusted terms. Orders in October and November together fell 4 per cent compared with the same period in 1985. Industrial production in November rose by 1 per cent, boosted above all by an increase in construction activity. Over the past year however, indus-trial output has risen only 0.5

### Economy forecast to grow

Government yesterialy to simulate investment and consumer demand by reducing company and personal income taxes by up to 10 per cent this year.

Dr Hans-Juergen Krupp, head of the West Berlin-based institute, said West Germany could ill effect to allow the company to

DIW recommended the remain at last year's level, but Government yesterday to stimucent.
According to the report,

trade performance will be largely influenced by the D-mark's strong rise against the dollar. West Germany's balance of payments surplus, it says will shrink to DM 45bn (£16bn) compared with more than DM 70bn last year. The decline in growth this year it expects to be almost

which fell to 2.Im or 8.5 per cent in the latter half of 1986, will rise to 9 per cent in the first half of this year before edging back to 8.5 per cent in the second half.

The Government's council of independent economic advisers have predicted 2 per cent as provided a pronounced this year and a pronounced upturn in the second half. By contrast, the institute of Economic Research in Hamburg which presented its forecast earlier this week said GNP would again grow by 2.5 per cent this year.

Which fell to 2.Im or 8.5 per year it expects to be almost entirely a result of stagnating exports. The increase in domestic demand, by comparison, should only drop from 4 per cent to 3 per cent.

DIW notes that higher economic growth can only be achieved if domestic demand, by comparison, should only drop from 4 per cent to 3 per cent.

DIW notes that higher economic policy. It sees little likelihood, however, of the possil for temporary tax cuts which, it claims would release this week said GNP would again grow by 2.5 per cent this year.

### by only 1.5% this year

THE WEST CERMAN economy will expand by only 1.5 per cent a 3 per cent expansion of GNP, this year as a result of stagnating exports and slack Kiel Institute for World domestic demand according to the German Institute of Economic Research (DIW). This is the lowest estimate yet 4 per cent this year compared produced by any of the country's five main economic research institutes.

DUW recommended the Country of the country's five main economic per cent in 1985. Exports in real terms are forecast to remain at last year's level, but the country of the country

tute, said West Germany could ill-afford to allow its economy to fall into recession by 1988 with more than 2m jobless. DIW estimates that unemployment, which fell to 2.1m or 8.5 per cent in the latter half of 1996, will rise to 9 per cent in the first half of this year before edging back to 8.5 per cent in the second half.

The Government's council of

THE SOVIET Foreign Minis-

speaking in Kabal on Mon-day, he said that a ceasefire was the "indispensible pre-requisite" for a permanent end to the war. The Soviet Union had a stronger wish than almost anybody for an end to the conflict. He said this would "mean an early return to their home-

eagerly." Mr Shevardnadze said he believed a political

after seven years of fighting, "Is feasible and as close as never before." The presence in Kabul of Mr. Shevardnadze and Mr. Anatoly Dobrynin, the Communist party central committee secretary for international relations, appears to be a demonstration of solidarity by Moscow timed to darity by Moseow timed to coincide with the offer of a

were interested in peace.

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### ways. No power was exported to England via the 2.000 Mw seablid link completed little more than two months ago at a cost of £760m. Last night, EdF warned France's nuclear stations effect, disconnected from other yesterday cut their output by parts of Europe. This is intended to prevent a chain reaction of the power cuts in other countries. There would also have been strong union reaction in those countries had EdF attempted to England via the 2.000 Mw. Within a month of the link's completion in November, the completion in November, the CEGB was importing French pisterate voltage reductions by power station workers. Wide-spread and prolonged blackouts were also caused inside the 48,000 MW. Although EdF's links with the CEGB and other European utilities can be used in either direction, EdF made no attempt to import electricity. It was restricted from doing so by an agreement whereby a country whose electricity supply is seriously disrupted is, in countries had EdF attempted to import power. With the French connection of CEGB was importing French power at the rate of 5m tonnes of coal equivalent a year, more than double the October level. The seven unions representing needs in England and Wales, although at a higher price than it pays to EdF. News of the French embarisation is agreement is causing ill-concealed to disclose the terms under which its electricity is imported. were also caused inside the country. Electricite de France (EdF), which regularly exports much of its nuclear-generated power surplus across its borders and the English Channel, was virtually cut off from the rest of the European grid as the wave of industrial unrest spread to

line in influence and votes, the communists and their sister them, too.

The decline in the CGT's into the union appear to have found a second wind with the latest unspected wave of labour unrest public sector — with the expected wave of labour unrest in France. Indeed, they were ception of the student unrest, industrial restricturing properlaps more surprised than which in many respects is a gramme at Renault, the French content of the union against wage restaint delates and other student over an early into the union.

The decline in the CGT's into the union.

Now, the railway strike, and communic rigour.

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The decline in the CGT's into the union.

Now, the railway strike, and into the other sudden protest move is ultimate ments. (such as the students) munists for them, too.

The decline in the CGT's into the union.

Now, the railway strike, and communic rigour.

The decline in the CGT's into the union failure to mobilise its troops against the other sudden protest move is ultimate ments. (such as the students) munists for the union failure to ments (such as the students) munists for the union failure to ments.

### US 'willing to accept grain sales compensation'

MR CLAYTON YEUTTER, the US
Trade Representative, said yesterday that the US would be willing to
accept some compensation for the
loss of feed grain sales to Spain in
the form of industrial advantages in
the form of industrial advantages in
the form of industrial advantages in
the form of head off a potential trade
war between the US and the EEC.

If agreement was not reached

Tariffs and Trade (Gati), Mr Yeuter
some observers in Washington besaid difficulty might arise over the
selection of chairmen of the various
to provide easy access for 4.1m
to provide easy ac

However, most of the compensa-tion for \$400m in damages incurred when Spain joined the EEC would have benefit the American farm

Mr Yeutter said one last attempt would be made to head off a trade war resulting from Spain's accession to the EEC when his deputy,

then, the Council of Ministers would meet on January 28 to talk of counter-retaliation, Mr Yeutter

The US has announced plans to impose duties on wine, cheese, gin and brandy imported from the EEC, to become effective at the end of the month unless the dispute is settled.

Despite Mr Yeuther's assertion

"We are going to have to get high-er tonnage levels," Mr Yeutter said. He insisted that the US must have "full compensation" for the \$400m in sales lost because, he believed.

to head the talks, he said. But the laid the groundwork for co-opera-groups should have vice-chairmen tion with Congress, but will try to from the Geneva negotiating del-egations to handle day-to-day mat-

said. We should find some of the fered in the President's State-of-best people from around the world" the Union message. Mr Yeutter has

the damages had really been higher than that.

On the subject of the negotiations in Geneva for a new round of talks under the General Agreement on the subject of the negotiations in Geneva for a new round of talks under the General Agreement on the said should produce a "mid-term" package in two to three years, which would instant the General Agreement on the said should produce a "mid-term" package in two to three years, which would instant the General Agreement on the said should produce a "mid-term" package in two to three years, which would instant the General Agreement on the said should produce a "mid-term" package in two to three years, which would instant the General Agreement on the gradual of the said should produce a "mid-term" package in two to three years, which would instant the General Agreement on the gradual of the g

### The Institute of Bankers 2-21 March 1987

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### Soviet concern voiced over drugs Shevardnadze backing for

Pravda, he said that the police drugs squad was being streng-thened and had destroyed crops of popples or other raw materials for drugs in 3,000 areas in a special operation last year called "Poppy—86."

Until last year, drug addiction in the Soviet Union received almost no publicity. But it is now being extensively discussed and written about as part of the greater openness part of the greater openness about negative aspects of Soviet society introduced by Mr Mikhail Gorbachev. "Drug addiction is linked

far more closely to crime than alcoholism," Mr Viasov said,

taking opium is traditional and it is often used as a medicine. Police also say that there are large areas where hemp grows wild, providing the raw materials for drugs.

According to the police almost all drugs consumed in the Soviet Union are grown within the country. They estimate that 80 per cent derive from wild or cultivated hemp or ponny heads and 20 per cent

poppy heads and 20 per cent

THE SOVIET UNION has 46,000 registered drug addicts, 80 per cent of them under 30 years old, the Soviet Interior Minister, Mr Alexander Vlasov, revealed yesterday.

In an interview in the Communist Party daily newspaper, Pravda, he said that the police drugs squad was being strengthened and had destroyed crops of poppies or other raw materials for drugs in 3,000 adding that the police were giving top priority to the crack-down on drugs. Despite many arrests, he said, only 10 per cent of those charged were dealers or distributors.

Although Moscow has 3,200 investigation at the Interior Ministry, said recently in an its population of 9m, much of the drug abuse is concentrated in Soviet Central Asia where taking opium is traditional and the said that the police were giving top priority to the crack-down on drugs. Despite many arrests, he said, only 10 per cent of those charged were dealers or distributors.

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Although Moscow has 3,200 investigation at the Interior Ministry, said recently in an interview that: "Society does not profit when we thrust in the community of the crack-down of drugs should be treated as patients rather than criminals. General Gennadi Alekseev, deputy director of criminals.

"It seems to me that it is time to introduce two systems of treatment—one of which should be anonymous. If a person comes himself and wants vice, then it is not the militia's business," he said.

Under a new law introduced this month teenage drug addicts will have to attend special schools which offer job training come from medical drugs. schools which offer job training Some senior policemen have as well as a cure for addiction.

### Afghan ceasefire offer by patrick cockburn in moscow

THE SOVIET Foreign Minis-ter, Mr Eduard Shevardnadze, has given full backing to the Afghan Government's cease-fire, which starts on January 15, and to its proposals for reconciliation with anti-Communist guerrillas. Speaking in Kabul on Mon-dry he said they a sease-fine.

an early return to their homelands by the Soviet troops, by all our lads who are being a waited back home so coincide with the offer of a ceasefire.

The Community party daily newspaper, Pravda, said yesterday that the ceasefire offer was an indication of the strength of the Kabul Government and not weakness.

Mr Shevardnadze said the Soviet Union was convinced that Afghanistan's neighbours were interested in peace.

Editorial comment, Page 16

# Airling

nesday J<sub>anuay</sub>.

# Manila fails to bridge gap challen with Communist rebels

BY RICHARD GOURLAY IN MANILA

GOVERNMENT officials and communist rebels yesterday failed to agree even the framework for discussing how to turn the Philippines' 60-day ceasefire in the 17-year-old insurgency

into a lasting peace.

The two sides were supposed to start talks on "substantive issues," but instead agreed a general commitment to "food and freedom, jobs and justice."

and freedom, jobs and justice."

The failure to bridge the gap between the two sides casts doubt on whether the ceasefire, signed amid much jubilation last year, will be extended when it expires on February 7.

A spokesman for the National Democratic Front, a coalition of left-wing parties which includes the political wing of the New People's Army rebels, said this weekend that there was little reason to extend the

was little reason to extend the ceasefire if there was no substantial progress at the

talks.
This echoes the view of GenFidel Ramos, the Armed Forces
Chief of Staff. The military
were reductant participants in
the peace process and are
likely to press strongly for
President Corazon Aquino not
to extend the ceasedre.
Military and NDF ideas of
what constitutes "progress"
differ significantly. Ultimately,



and accept the authority of the Government in Manila. However, on Monday an NDF member of the National Ceasefire Committee, which is ceasence commutee, when is policing the 60-day truce, said at a public meeting that the communists were still exacting what they call "revolutionary taxes" in the countryside.

The NDF spokesman, Mr Francisco Pascual, also claimed that the NPA controls parts of the country. He defended the rebels' right to carry firearms, NPA leaders that they will not give up their arms. Across the table at the same

meeting, the Government's representative on the cessefire committee, Maj-Gen Renato de Villa, denied that the NPA controlled any part of the country. He accused the NPA of taking advantage of the ceasefire in order to recruit and

retrain.

The government wants to limit the peace talks to discussion of land reform and how to industrialise. The NDF for its part tabled a 10-point list of negotiating points which includes the establishment of a "nationalist and popular" government and the creation of a "pro-people armed forces."

The two sides are due to meet again on January 13. Despite the NDF's accusation that Mrs Aquino's panel are Despite the NDF's accusation that Mrs Aquino's panel are avoiding the real causes of the insurgency and the government's reply that the NDF should remove its "communist blinkers," the ceasefire is expected to continue relatively intact for the time being.

tions in April.

This represents a decline in

valuation.
To help offset this, the government intends to raise tax receipts, with value added tax up by 65 per cent

#### **Indonesian** budget looks to increased foreign aid

By John Murray Brown in Jakarta INDONESIA will look

INDONESIA will look increasingly to foreign assistance to sustain its economic development, according to the draft twidget for 1987-88 presented to parliament by President Suharto yesterday. In an otherwise depressed picture, the government expects these funds will go some way towards offsetting the falling oil and gas revenues and a dramatic increase in debt repayments. The funds, made up of bilateral aid, soft leans and bilateral aid, soft leans and export credits, are expected to cover 79 per cent of the development budget and

development budget and more than a quarter of total spending.

President Suharte, who has made development the watchword of his 20 years in power, called on the nation to "face up to the difficult trials and challenges."

The balanced budget, which comes into effect in April, prescribes a 6.5 per cent increase in total expenditure—routine and development—

—routine and development to Ruplahs 22.7 trillion (£9.3hn), reflecting the government's coucern to ease the effects of economic downturn ahead of the matienal elec-

This represents a decline in real terms given current inflation at 9 per cent.

For the first time, carnings from oil and gas will make upless than 50 per cent of total receipts, down 28.7 per cent to Rupialss 6.9 trillion.

Erring on the side of cantion, the Government calculated these figures on the basis of a US\$15 a barrel price. Indonesian Minascrude was trading yesterday

trude was trading yesterday at \$16.28 following the Organ-isation of Petroleum Export-ing Countries' agreement last month. Salaries for the 2.3m civil

Among other recurrent ex-penditure, repayments on the country's \$33bn foreign debt is set to rise by 61 per cent to Rupiahs 6.76 trillion following increased berrow-

Dai Hayward reports on a risky polar winter research campaign

### Greenpeace sets sail for Antarctica

Antarctica were to melt, it is estimated the oceans of the world would rise 300ft. Any upset in the fragile ecology of Antarctica could seriously disturb weather patterns and ocean a helicopter capable of lifting and the country of the country of

it has made Antarctica its most urgent conservation campaign. As part of that campaign a specially strengthened 603 tome converted tug, bearing the familiar Greenpeace rainbow on its bow, said yesterday from Christchurch, New Zealand, hoping to establish the first nongovernment scientific research hase for a party of four to winter over in Antarctica.

A similar attempt which

A similar attempt which failed last year brought heavy criticism from New Zealand and Australian government minis-ters, Antarctic organisation officials and other conservation groups.

The science ministers of both Australian and New Zealand bluntly told the Greenpeace expedition to turn back before

food supplies in ocean currents as far as the northern hemisphere,
The environmental group Greenpeace believes the future of the world's last great wilderness area is already at risk and it has made Antarctica its most urgent conservation campaign.

was designed in West Germany to withstand the rigours of a polar winter and Greenpeace claims it exceeds the British claims it exceeds the British Antarctic survey requirements. If the expedition succeeds in establishing the winter base—the leader, Peter Wilkinson, admits the odds are no better than 50-50 because of thicker than usual ice again this year—a party of three men and a woman will spend the polar winter on a planned research programme. This will include studies of krill, the coastal fish population, the effect of heat loss from the human body and the impact of humans and pollution on the white continent.

tion on the white continent.
Greenpeace hopes that by
carrying out a scientific



show the world it is sincere in its concern for Antarctica and win support for its claim for observer status at the Antartic Treaty mineral negotiations to determine future mineral exploration and exploitation of

Greenpeace argues that future mining or oil drilling pose the most serious threat to Antare-

the wild life and the ecology.

A major oil spillage or a rogue well pouring out oil in winter would create a disaster which could affect the whole world. Mr Wilkinson says. Oil pollution would take longer to break down in the polar region, because of the climate, than anywhere else in the world.

Some scientists suggest an oil spill could take hundreds of years to disperse. "We say don't tamper with something the world knows little about. but the future of the area is threatened by talks now being held behind closed doors," Mr Wilkinson says.

The tug Greenpeace will take about two weeks to reach Ross Island—and that will require considerable luck and a relatively ice-free Ross Sea Thick pack ice could throw the whole plan into jeopardy—last year

"We know there are a lot of risks but we are well pre-pared. If we can gain world support to have Antarctica turned into a world park all the risks will be worthwhile," says Mr Wilkinson.

#### Chad reports clashes with Libyan troops

CHAD said yesterday that violent clashes had broken out in its desert north on Monday between government forces and Libyan troops, Reuter reports

#### Japanese start to grumble about life, poll shows

BY CARLA RAPOPORT IN TOKYO

roun N'djamena.

Chad's military high command said fighting started between the towns of Bardai and Zouar, in the rugged Tibesti mountains of northwestern Chad.

It described the clashes between Libyan soldiers and the Chadian National Armed to 35 per cent.

the Chadian National Armed to 35 per cent.
The Statement did not say whether the Popular Armed Forces of former Chadian rebel leader and Libyan ally Goukouni Oueddel were also involved in Monday's fighting.
The Tibesti is the stronghold of Goukouni's troops, who have been fighting alongside government forces since last October

life increased from 22 per cent to 35 per cent.
The root of the trouble, they say, is the rise in the value of the yea. More than half the respondents said they were experiencing harder times because of the high yen's effects on their employers. Benefits through the consumer.

Wholesale prices in Japan

THE Japanese are starting to have dropped by more than 10 complain. For years, polls have per cent in the past year, but reported the Japanese to be consumer prices have been among the most satisfied, contact the tent report of the tent reports o

The poll also reveals that Japan's "middle-class" consciousness is eroding. Japanese leaders are foud of informing foreigners that more than 90 per cent of Japanese consider themselves middle-class. How ever, the survey reports that

Some 60 per cent of those surveyed said that the gap between rich and poor was gradually widening. The survey covered 3,000 men and women

#### S Africa cinema chain hits at ban on non-whites

SOUTH AFRICA'S biggest Columbia Pictures and Warner cinema chain, facing boycotts Brothers had been pressing the by US film makers, threatened South Africans on the racial yesterday to close its theatres in issue.

Mr David Isaacs, marketing drector of Ster-Kinekor, said his company had told the town council in Krugersdorp, near Johannesburg, that its two cinemas would be closed by the end of January unless non-

He said the chain, with 150 outlets, had difficulty obtaining foreign films, although less than one in 10 of its cinemas were still segregated.

"American companies do not want to supply movies to segre-gated cinemas," he said. A decision to close down will probably also affect theatres in Pretoria, as well as Vereenig-

Mr Isaacs would not name films which Ster-Kinekor was sold to Sage Holdings of unable to purchase from US Johannesburg, which owns the distributors. But he said other 75 per cent.

Under South Africa's com-plex apartheid race laws, town councils have the power to de-segregate amenities such as theatres.

regarded by many non-whites as one of the most humiliating aspects of apartheid, was high-lighted at the weekend when the Cabinet's only mixed-race coloured member, Mr Allan Hendrickse, led an illegal swim from a whites-only beach in

 Nationale-Nederlanden, the largest insurance company in the Netherlands, is pulling out of South Africa by selling its minority stake in the South African Life Insurance African Life Insurance Company to Sage Life for about

writes from Amsterda The 25 per cent stake is being

#### Australia reacts coolly to French diplomatic action

BY CHRIS SHERWELL IN SYDNEY

AUSTRALIA'S Government of the Kanaks and the island reacted with private deflance but public politeness yesterday to France's decision to ban all ministerial and official contacts between the two countries over France's apparent inbecause of Canberra's policy favouring independence for most notably in its refusal to stop conducting nuclear tests in the area. New Caledonia.

The French decision, com-The French decision, communicated to Canberra on December 19 but only disclosed on Monday, has pushed already cool relations to a new low point and seems likely to refocus attention on New Caledonia, where a movement of local Kenak is commissions. of local Kanaks is campaigning

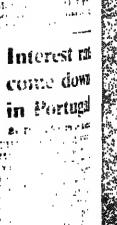
for independence.
Australia said it regretted
France's action. Mr Bill Hayden, the Foreign Minister, said Can-berra's concerns related to the local Kanak people's claims concerning France's "lingering colonialism" in New Caledonia. "It's in (France's) interests

AUSTRALIA'S Government of the Kanaks and the island

But Paris's action also comes at a time when attention is being drawn increasingly to the changing balance of power in the region. Next week, Japan is due to

unveil details of increased aid to three key Pacific countries— Guinea. The announcement, to by made in Fiji by Mr Tadeshi Kuranari, the Foreign Minister, Zealand and a precedent-setting visit to Australia this week by

a heavyweight team of five Japanese ministers. Tokyo's aid move reflects a as much as ours that there is growing desire to meet US a successful conclusion to this pressure for it to become more matter and that the sensitivities outward-looking





### Howe backs peace role of Contadora nations

By David Gardner in Mexico City SIR GEOFFREY HOWE, the British Foreign Secretary, expressed strong support for efforts by the Contadora group of nations to bring a negotiated settlement to the conflicts in settlement to the conflicts in Cenral Ameris, at the end of his official visit to Mexico

There is no doubt that a political solution is essential to the restoration of peace and stability to Central America," he said, adding that "a solution must come from the region itself: it cannot be imposed

from outside."
Sir Geoffrey had earlier visited Colombia, which, with Mexico, Panama and Venezuela, makes up the Contadora group, which has additional regional backing from the so-called support group composed of Peru, Brazil, Argentina and

Uruguay. He said next month's meeting in Guatemala between EEC and Contadora ministers, the third in the series which began in San José, Costa Rica, in 1984 and continues in Luxembourg in 1985, would "reaffirm the plan already disclosed for sub-stantially increased EEC aid"

to the region.

In talks with President
Miguel de la Madrid and
Finance, Trade, Energy and
Foreign ministers, Sir Geoffrey expressed warm admiration for the ways in which Mexico had tackled its structural economic problems and at the same time welcomed the recent refinancing agreements Mexico had reached with the holders of its \$100 in (£67.80 in foreign debt. Reuter adds: Sir Geoffrey reiterated his desire to discuss the Feltlans Lebada communication.

### Lionel Barber reports on a change of tactics on the defence budget Weinberger adopts new austerity

BUILT LIKE a pocket battle-ship, Mr Caspar Weinberger has been able to seek out and destrict most erites of his spending plans during his six years as US Defence Secretary. But in the past two years his mission has become progressively harder—to the point where his budget for fiscal year 1988 borders on the austere by his standards. his standards.

On Monday, standing before more than 100 reporters in the inner recesses of the Pentagon, Mr Weinberger presented plans for a \$312bn national defence budget which includes a re-quest to Congress for a 3 per cent increase above the antici-pated rate of inflation for each of the five years to 1992.

This may seem ambitious. this may seem amornous, but it is a far cry from the early years of the Resgan presidency when Mr Weinberger secured increases averaging 7 per cent.

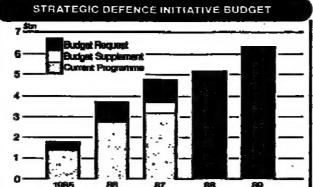
The austerity reflects the new solitical realism Faced with

The austerity reflects the new political realism. Faced with majorities held by the opposition Democrats in both the House and Senate, President Reagan and Mr Weinberger have sensed there is little point in antagonising them with unrealistic demands. It also reflects concern among both reflects concern among both Republicans and Democrats about the size of the budget deficit—likely to be more than \$170bn in the 1987 fiscal year, starting last October.

starting last October.

Over the next two years the Pentagon, led by Mr. Weinberger, and Capitol Hill, led by the Democrats, will have to find some way to fashion a compromise over the need to cut back the deficit and yet fulfil national security needs. How the struggle plays out could decisively affect the presidential election in 1988.

Mr. Weinberger has sought a



longer time frames than the 12 month calendar or fiscal years—this could be a first step towards better planning and use of money.

Equally significant, however, is the way Mr Weinberger proposes to get more bang from his many billions of bucks. The answer lies in strategic proanswer hes in strategic programmes, with huge increases sought for the exotic technologies of the Strategic Defence Initiative (SDI) star wars system, the multi warhead intercontinental MX missiles and a variety of anti-satellite (Asat) weapons research which shows how fast modern warfare is moving from earth into the

neavers.

For example, under President Reagan's budget for fiscal year (FY) 1988, SDI research funds will jump from \$3.6bn to \$5.9bn (including money in the easily overlooked US Energy Department hudget). Money Department budget). Money for the MX would rise from the \$1.5bn figure in FY 1987 to \$3.4bn. The budget for Asat

a target and come back intact. Indeed some believe that the beli-tightening under the present budget will mean fewer bullets and bombs, making it more difficult for the armed forces to fight a propular.

forces to fight a non-nuclear war.

Under the FY 1988 budget, the army would buy 600 tanks instead of the planned 840, the navy would build 16 rather than the 24 ships planned (though Mr Weinberger insists that his pledge for a 600-vessel fleet by 1990 still stands, and the air force would have to drop its goal of 40 tactical wings (of about 72 planes each) and settle for 37 wings instead. for 37 wings instead.

forces to fight a non-nuclear

Democrat defence experts such as Senator Sam Nunn of Georgia and Rep Les Aspin of Wisconsin in the House are worried about Mr Weinberger's apparent lack of support for conventional weaponry at the expense of the as yet unproven high-technology systems such as star wars.

There is every suggestion.

But the Democrats will be keen not to appear to be going soft on defence in the run-up to the presidential election.
Though Mr Nunn has said that the White House will be lucky to get away this year with a spending increase above the rate of inflation, this can be dismissed in part as part of the poker game between Congress and the Administration.

Democrats are also aware that they cannot risk being accused, as they were in the 1970s, of cutting back on national defence to promote their own favoured domestic programmes. When Mr Ronald Reagan won a landslide victory In 1980, Americans had a wide-spread perception that their country had fallen behind the Soviet Union in its national defences. This, more than any-thing else, was the reason for the big rearmament programme started by Mr Reagan and Mr Weinberger — and readily acceded to by Congress.

That build-up is now beginning to crumble, undermined not by Congress but by its own ambitions. According to congressional experts and several Pentagon planners, the military would need average according to would need average annual real growth of 6 per cent between now and 1991 to reach its goals. Scores of programmes, some started, some planned, are now under threat,

But with the federal deficit hanging over all budget negotia-tions for the next 10 months, the temptation will be to oloy much of the short term

trickery of the past Last year programmes were reached with the holders of its 3100bm (£67.8bm) foreign debt. Reuter adds: Sir Geoffrey reiterated his desire to discuss the Falkland Islands over which Britain and the Argentine went to war in 1982. But he stressed Britain would not negotiate sovereignty over the islands.

In the budget for Asat the budget for Asat dental election in 1988. Weapons research would more than treble from \$189m to \$750m in FY 1989, and \$750m in FY 1989, an

#### Unions call mass strike in protest at Alfonsin

The confederation leader-ship agreed to the plan en-Monday night after a series of contacts between the Gov-ernment and union leaders failed to reach agreement. The confederation has pro-posed a five-point "social contract" to the Government. This is made up of a big in-

### Missile attack

on a US Navy belicopter

THE ARGENTINE General Workers' Confederation is to take more industrial action against the Government's economic policy, which will include another nationwide 24-hour general strike on January 26. If will be the eighth general stoppage since the Alfonsin Government came to power in December 1983.

This is made up of a big in-crease in the basic wage; a revision of collective agree-ments on the basis of this increase; prohibition of lay-offs during the social con-tract; and a target date to be set for a full return to free collective bargaining between

collective bargaining between unions and employers.
Superprisingly, these five points do not make any mention of a meraterium of the foreign debt, which in the past has been a principal confederation demand, although, if the Government were to agree to the latest proposal, it would torpedo the negatiations under way between the Government and the International Monetary Fund for a new \$1.2bn (£814.6m) standby loan and \$350m in compensatory finance.

tory finance.

The Government is now operating a system of price and wage controls with free collective bargaining confined to within a band of 7 to 11 per cent increases in the first control of this water. quarter of this year.

President Alfonsin's

quarter of this year.

President Alfamin's economic team aims to reduce inflation to 40 per cent in 1967, from the 50 per cent of 1968, it is strongly against any major relaxation of wage controls, arguing that this would cause another hig increase in the inflation rate and complicate debt rescheduling agreements and negotiations for new loans.

Debt rescheduling talks with the Argentine's private bank creditors are to begin bank creditors are to begin as soon as agreement is reached with the DMF. This will be before the end of the

### on US helicopter

THE PENTAGON said yes-terday it would investigate an unprovoked missile attack flying a routine surveillance mission in the Guif, AP reports from Washington.

### Sarney faces growing pressure as inflation policy suffers setback

CONFIDENCE in Brazil's In addition to worries over efforts to fight inflation plummeted yesterday as annualised economists have reacted negainterest rates on 60-day certifi-cates of bank deposits hit a record of 300 per cent.

The 30 percentage point rise, infation-index personal income

following a 50 percentage point increase on Monday, has underlined the market's deep-rooted scepticism over the economic policies of President Jose Serney's Government. Last month, the authorities

had hoped to reverse the esca-lating cost of borrowing with a measure linking private sector rates to the Government's infa-tion-proofed letters of bank deposit. Though this funda-mentally undermined its anti-infarteness strategy the more mentally undermined his and-inflationary strategy, the move was deemed essential to pro-mote industrial investment.

A further flurry of financial adjustments last week have also adjustments lest week have also failed to drive down rates. Since Monday, the deteriorating economic outlook has wiped more than 11 per cent off the more than 11 per cent of the total value of shares on Sao Paulo's key Bovespa stock-market index, leaving it below the psychologically important 8,000 point level.

tax liabilities. Speculation is also widespread that a maxi-devaluation of the cruzado, now Cz 15 to \$1, may be imminent. The blackmarket dollar rate, which had dropped back to Cz 25 from a high last

tively to forecasts of 15 per cent

autumn of Cz 30 in the wake of systematic mini-devaluation yesterday climbed to Ct 27.5. Meanwhile, an attempt this week by the Government to persuade the Central Unica Dos Trabalhadores, the largest union federation, to accept a social pact on wages and prices has met categorical rejection.

The expectation of continue The expectation of continued poor trade figures, with the surplus for December forecast at little over \$100m, has added pressure on President Sarney's administration and fuelled doubts over the future of the key economic ministers, Mr Dilson Funaro at Finance and Mr Joao Sayad at Planning.

#### Shultz flies to black Africa for his first official visit

BY MICHAEL HOLMAN, AFRICA EDITOR

ment in Chad's conflict, and a to step up the campaign of defence of Washington's policy of constructive engagement in southern Africa are expected to

His most friendly reception dominate the agends when Mr George Shuitz, the US Secretary of State, starts his first official visit to black Africa today.

Mr Shults is due to begin his tour in Senegal, followed by visits to Cameroon, Kenya, Nigeria, Iwary Coast and Liberia, returning to Washington in wash Throng a begin ton in a week. During a brief stopover in Bermuda en route Mr Shults will hold talks on East-West issues with Sir Geof-frey Howe, the British Foreign

Secretary.

Mr Shultz made much of the merits of market forces and the shortcomings of centrally controlled economies when he addressed the United Nations special session on Africa last May. But many delegates from the continent were perturbed by the West's reluctance to provide additional resources in support of the economic reform. support of the economic reform programmes that many coun-tries on the continent are now

On the tour Mr Shultz is likely to be urged to increase point out that US aid to sub-Saharan Africa has been cut to \$713m (5484m) this year, Two examples of economic reform on the continent frequently by US officials, Zambia and Zaire, are both now in serious

Mr Shultz is expected to praise the far-reaching economic reforms under way in Nigeria, but he will probably encounter

THE MERITS of market-strong criticism of US policy oriented economies, dangers towards South Africa, including posed by the Libyan involve-the Administration's reluctance

may be in Kenya, a staunch ally of the West, favoured both for its broadly capitalist economic policy and President Daniel arap Mol's willingness to allow the US use of military facilities including the strategic Indian Ocean port of Mombasa. But the combination of rising unemployment. Africa's high rate of population increase, a growing land shortage and a dissident movement called Mwakenya may give Mr Shultz cause for concern.

Ivory Coast since independence will allow Mr Shuitz to cite the government of President Felix Houphouet-Bolgny as a model of what can be achieved under a free market economy. The most swkward part of his tour may come in Liberia, in severe economic difficulties and with a poor human rights renord.
Liberia's relationship with the
US, the country's most important

ally, has been uneasy since Samuel Doe, a young army sergeant, took power in 1980. Mr Doe's authoritartions purportedly returning the country to a multi-party democracy,

The most sensitive regional issue, with wider implications, is the continuing conflict in Chad, where the Government

ing,
Washington has backed the
Government of Mr Hissene
Habre,



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W German clean-up process sold to Japanese

By David Marsh in Bonn

mental technology group has made a breakthrough by selling licensing rights to its process for cleaning up coal-fired power

stations to Japan. Saarbrucken-based Saarberg-Hoelten Umwettechnik, a joint venture of the publicly owned Saarberg energy group and of the private Hoelter concern, has agreed to link up with TSK Tsukishima Kikai, a Japanese plant equipment manufacturer, in fitting the desulphurisation process to Japanese furnaces. Saarberg-Hoelter has developed its own scrubbing process for reducing sulphur dioxide emissions from coal-fired power plants.

Japan has had a world lead desulphurisation systems, for

The company will receive a licensing fee based on the cost of the first system to be installed in Japan, a pilot plant likely to be worth about DM 15m to DM 25m. This plant is to come into operation at the beginning of next year.

**Boeing wins** six orders

BOEING of the US has won orders for six aircraft valued at a total of \$185m from Ethiopian airlines and Air Zimbabwe, AP-DJ reports from Washington.

The state-owned Ethiopian Airlines ardered one 787-200

Airlines ordered one 767-200 and two 737-200 airliners while state-owned Air Zimbabwe ordered three 737-200s, one of which was delivered last month. All the aircraft are to be powered by Pratt & Whitney

Leyland Parts gains first Soviet order LEYLAND PARTS, the comme

cial vehicle spare parts subsi-diary of the state-owned Rover Group of the UK, has won its first order from the Soviet Union, Our Moter Industry
Correspondent writes.
The company is not disclosing details, but Mr Kevin Alston,

who negotiated the deal with the Soviet Foreign Trade Asso-ciations, said he intended to return to Moscow and " we hope this is just the first of many more orders to come.

Spending to meet passenger and cargo needs this century will reach \$100bn, Michael Donne reports

### Heyday for airports as demand for air travel surges

the construction and equipping of airports up to the end of this century to meet the needs of expanding passenger and cargo traffic is likely to amount to well

over \$100bn.

A world airports development survey, conducted by the specialist aviation journal Airports International, suggests that the construction costs alone of new airports over the next 14 years will amount to \$900m.

or some \$10bn more than was estimated a year ago.

But this figure does not include the cost of fitting out those airports with all the avionics and other equipment to enable them to function—such enable them to function—such as radar, runway lighting and instrument landing systems, ramp and baggage handling equipment and passenger information systems, fire-fighting equipment and refuelling aids. Such equipment is likely to cost many billions of dollars and the overall figure of airport development acts of work them. development costs of more than \$100bn is regarded as conser-

among the international con-sultants, designers and civil en-gineers who plan and build the gineers will plan and build the airports, but also among the suppliers of equipment.

Driving this massive airport expansion is the growing demand worldwide for air

Heathrow's Terminal Four: part of a worldwide airport expansion.

Aviation Organisation, the aviation Organisation, the aviation agency of the United Nations, reported that last year the overall volume of world scheduled air traffic reached 1938rs or about 5 agr cent more 938m or about 5 per cent more

With annual growth forecast vative.

One direct result of this cent a year (although there are massive expansion in airport likely to be some marked developments is the intensification of competition, not only likely that the ICAO figure will have doubled by about the mid-1990s and will go even higher by 1990s and win so the century. Although the overall figure for world sizport development spending may appear to be high, the cost of an individual airport when built on a "green-

billion dollars.

One such is the projected new is a vital key to economic, Kansai International Airport in Osaka Bay, Japan, for which initial tenders are now being sought and which is expected eventually to cost over \$8bn, making it the most expensive water. In the UK, in addition appropriate to the development of the new to th eventually to cost over \$8bn, making it the most expensive airport in the world. This airport will involve extensive reclamation from the sea to accommodate two 4,000 metre runways and one of 3,400 metres and will be ready for operations by 1992.

There is now hardly a single country in the world where some form of airport expansion,

This reflects the general to the development of the new-Terminal Two at Gatwick and the development of Stansted Airport in Essex, London's Heathrow Terminal Three is undergoing a major refurbish-

This will fit it for the traffic growth of the 1990s and beyond, collectively involving overall outlays by BAA plc (formerly the British Airports Authority)

Further outlays are either being undertaken or planned elsewhere in the UK, both by BAA and by other airport authorities

Expansion plans at Man-chester International Airport are likely to be brought forward because traffic originally ex-pected by 1990 is expected to be reached late in 1987.

Airport developments are also either planned or currently under way in Europe at Vienna, Salzburg, Brussels, Paris (Charles de Gaulle and Orly), Nice, Athens, Dublin, Rome, Milan, Naples, Venice, Bokogna, Palermo, Oslo, Lisbon, Barce-lona, Madrid, Amsterdam, Stockholm Frankfurt, Munich lona Madrid, Amsterdam, Stockholm, Frankfurt, Munich,

The Far East is now a centre for air transport growth and seems likely to remain so for some years. As a result new airport terminal facilities are planed in Hong Kong and

Singapore.

In China, regional developments at Shenzen and Dalian are spearheading overall national plans to build up to 300 new domestic airport facilities, probably the most ambitious air transport expansion programme anywhere in the world.

In the US Kennedy New York

In the US, Kennedy New York is planning a complete refur-bishment with a central trans-port centre to link all the passenger terminals by

Racal Avionics of the UK has won a £790,000 contract to supply radar to Frankfurt International, West Germany's largest and busiest airport. The all-weather radar will monitor the movement of aircraft and vehicles on taxi-

ways and runways.

The contract was awarded by the Bundesanstalt Fur Flugsicherung (BFS), the Federal air navigation

The contract also provides for BFS to purchase a further five similar systems for Hamburg, Hanover, Cologne/
Bonn, Munich and Dusseldorf
airports. The Frankfurt
Airport Group (Fag) has the
option to buy its own bright
display sub-system to operate via a fibre-optic link with the BFS system at Frankfurt. These follow-on contracts would increase the total value of the deal to over £4m.

"people-mover" vehicles.

The busiest airport in the world, Chicago, is being redeveloped under a \$1.8bn scheme which will add a massive 42-gate complex for United Air-lines. Other airport works are under way at Miami, Seattle, Ontario (California) and Phoenix, Arizona

Airport developments are also either under way or planned throughout the Middle

#### Fresh UK credits for **Nigeria** indicated

By Michael Holman, Africa Editor

MRS LYNDA CHALKER, the British Foreign Office minister currently visiting Nigeria, yesterday held out the prospect of a new credit package for Nigeria. But she made it clear that several outstanding trade that several outstanding trade and investment issues had yet to

Mrs Chalker gave no details about the amount of additional credit Britain would make available, but said that a "substantial" part would go to the rehabilitation of the agricultural sector, "Elements of our new credit package will also be made available for uncompleted projects and new projects to which the Nigerian Government and World Bank attach priority." she said. Nigeria is Britain's most important trading partner in

black Africa, with exports worth £473m during the period January to October last year, against £817m during the same period in 1985. The fall was caused by a sharp drop in Nigeria's receipts from oil, which accounts for some 90 per cent

accounts for some 30 per cent of export earnings.

Mrs Chalker, who is expected to meet President Ibrahim Babangida, the head of the military government, praised what she called Nigeria's "bold and imaginative " structural adjustment programme, carried out over the next year with the out over the past year with the backing of the International Monetary Fund (IMF) and the World Bank. The programme has paved the way to the re-scheduling of part of Nigeria's estimated \$21bn external debt through agreements with the Paris and London clubs, repremercial bank creditors.

These agreements make possible the resumption of normal export credit guarantee facilities, suspended since 1984 when Nigeria began accumulating arrears in payments for trade

Progress has been slow, how-ever, in meeting uninsured trade debt, with the Nigerian Government doubting the authenticity of a substantial number of claims. Traders put total arrears at nearly \$10bn.
Mrs Chalker announced that talks were under way for a bilateral agreement with bilateral agreement with Nigeria for the promotion and protection of British invest-

### HK losing China entrepot business to Tokyo

modernisation or new construc-is not being undertaken or

HONG KONG is losing ground to Tokyo as an entrepot for air cargo destined for China— cannot be fitted into the limited largely because of insufficient cargo space available on the narrow-bodied passenger air rail transport, according to the largely because of insufficient links between air, sea, road and rail transport, according to the deputy head of the territory's leading air freighting group. His complaints highlight the growing strains being created

by the hectic growth in entre-pot trade into and out of China since Peking launched its "open door" policy in 1978.

Mr Gerry Fields, deputy general manager of Hong Kong Air Cargo Terminals (HACTL),

Because he has been unable to place surplus cargo onto railway wagons, or on cargo vessels leaving Hong Kong's Kwai Chung port for Chinese destinations, he says business is being

craft that China's national air-line, CAAC, uses on services to Hong Kong. The pace of growth of outbound air cargo—less sub-stantial than inbound— continues at more than 40 per case to the yard will make it difficult for HACTL to use the facility for earth that the port of the total volume of cargo make it difficult for HACTL to per cent by value.

HACTL's complaints by insist-ing that many of the wagons arriving in Hung Hom from China have to go back empty because they are not suitable for the sort of freight the likes of HACTL, need to forward. As an emergency measure, ing that many of the wagons fears that his company is reaching saturation point for lost to Tokyo, where CAAC uses wide-bodied aircraft, and where China.

After several years of volume growth averaging an annual 35 per cent, the growth rate over the past year has alumped to China to the past year has alumped to Tokyo, where CAAC uses the past year has for the past year has alumped to Tokyo, where CAAC uses months to Tokyo, where CAAC uses months hear of the past year has for the pas

in Kwai Chung waiting for Chinese vessels, an average of week.

70 per cent of the railway wagons returning to China leave Hong Kong empty.

He criticises a HR\$1.2bn plan to establish a container handling yard close to the Hung Hom railway station, saying that poor road access to the yard will make it difficult for HACTL to use the facility for cargo that it cannot move by sir. He questions why the Hong Kong Government does not intervene to coordinate services.

As an emergency measure, HACTL has for the past eight months been operating an China have to go back empty Hong Kong and cannot be used for ghter purposes.

Nevertheless, the growth in rail freight between Hong Kong and China is expected to be meteoric. From a total of out of the total volume of cargo to the total volume of cargo to the KCR expects to be carrying 1.6m tonnes by 1996, and 3.9m tonnes by 2006. Incoming freight is expected to grow from almost 1.6m tonnes in which carries rail freight from HaCTL has for the past eight months been operating an China have to go back empty Hong Kong and Guangrhou. The completion of a double-tracked line to Peking in 1988 is expected to generate a further surge in freight traffic, as the Chinese arthorities more to relieve presentations.

authorities move to relieve pres-

#### Chinese car to run on soyabean oil

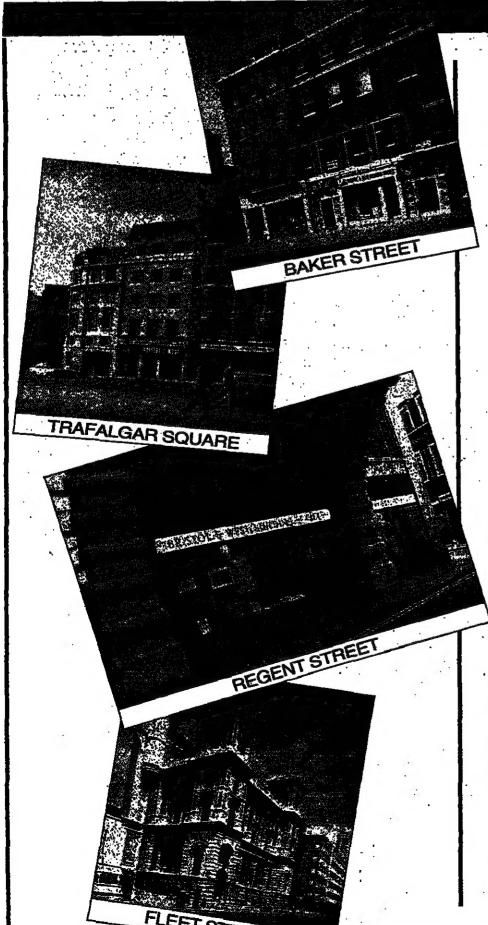
A CHINESE economy car that will run on fuels ranging from soyabean off to diesel is to be produced in a joint venture with Australia, Reuter reports from Sydney.

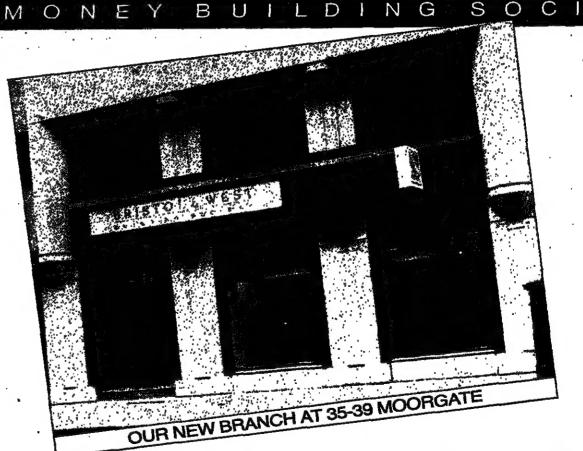
Protech Capital Invest-ments of Australia said it had signed a letter of intent with China's state-owned Jiangsu Automobile Company to build

the car.

Mr Clive Coogan, Protech's chairman, said: "We expect the prototype model to be ready in the next six months." He added: "The motor can run on a variety of fuels, including soyabean or vegetable oil or diesel." The car, expected to cost less than US\$2,275, will have

a top speed of 50 miles an hour.





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**Ministry** 

to name

bidders

McLain writes.

state arms

THE MINISTRY of Defence (MoD)

is expected to publish today or to-morrow the names of the compa-nies interested in buying Royal Ordnance, the state-owned arms and munitions company, Lymbo

British Aerospace, GKN and Tra-

falger House have emerged as the only companies which still want to buy the whole of Royal Ordnance,

after a study of the prospectus of is-sued on request by N.M. Roth-schild, the merchant bank.

Several other well known UK

companies said yesterday after stu-dying the prospectus that they were no longer interested. GEC said it had made no bid, while Thorn EMI,

which also requested the pros-pectus, said it did not intend to take

its interest any further.
Plessey also said its interest was at an end, and Vickers said it would

not be hidding. KI said yesterday that it was still interested in buying parts of Royal Ordnance. These are the explosives factories, but ICI said: We are not interested in buying the whole of Royal Ordnance.

ing the whole of Royal Ordnance.

The companies to be shortlisted by the MoD are expected to be in-

vited to visit the Royal Ordnance

factories to get more information before deciding whether to pursue their interest further towards a for-

[] FOUR SENIOR energy industry

insurance brokers are defecting from Sedgwick, the UK's biggest

quoted insurance broking group, to join Alexander Howden, a rival

Lloyd's broker. The four men are all directors of Sedgwick Offshore Re-sources, a Sedgwick group subsid-

iary. It has specialised for many years in assembling insurance pro-

grammes for underwater oil and

gas drilling and pipeline equipment a field where Sedgwick is a world

O MR JOHN CURBY, one of two

brothers who have built up Unitech

the electronic components distribu-

tors, is giving up his executive du-ties at the company. His brother, Mr Peter Curry, will continue as chairman and chief executive.

D ROYAL YACHT Britannia ar

rives at Devonport naval dockyard

in Plymouth today for a refit in-tended to extend its active life by

between 10 and 15 years. The relit

which will begin next week and last around nine months, will include

the removal of asbestos from the 32-year-old yacht, and substantial replacement of ageing cables.

mal offer to buy the company.

### Thatcher tries to dampen early poll speculation

MRS MARGARET THATCHER. Prime Minister, yesterday sought to dampen speculation about an early general election without ruling out any particular date.

In her first public comments on the issue since the autumn, the Prime Minister said she had "a great belief that people in this country do not expect us to dash into elections at the first opportunity." They say, look, we elected you to be the government for quite a period of years. There will be ups and downs in that time. We do not like too many elections in this country, particularly when you have a good

Her remarks, made during an hour-long BBC Radio London phone-in, were clearly intended to tant speculation about an early election which might be self-fulfilling, as in 1983. She said she would rather election speculation did not happen because it made life diffi-

In the past, Mrs Thatcher has indicated her preference for waiting at least until the fourth anniversary of the last election and her private preference has so far apparently been for an election this autumn. However, Mrs Thatcher was yesterday careful not to exclude any date and Conservative Party lead-



Mrs Margaret Thatcher: We do not like

ers intend to be ready to go to the country from the late spring onwards to take advantage of any

The recent speculation was fuelled by a Gallup opinion poll before Christmas which put the Tories 8% percentage points ahead of Labour, though this has been offset by a recent Mori poll putting the parties neck and neck. The underlying trend of recent polls places the Tories roughly three points ahead

of Labour.
During her interview Mrs
Thatcher also made clear her dis-

an overall majority in the House of Commons, What I hate about a hung parliament, or about these ns, is that the first thing you have to do is to part from everything - you get perhaps the biggest number of seats in an election and then compromise. There is something that is not quite as honest as I would like about that."

Mrs Thatcher said that coalitions frequently tended to duck the diffi-cult decisions which did not happen if you had a good majority.

Mrs Thatcher said she would feel awful if Mr Neil Kinnock, the Labour leader, won the election, be-cause she thought Labour was "taking us closer and closer to a kind of East European system." She said the Conservatives "really believe in a bigger degree of freedom under the rule of law than would be likely to be the case under the present management of the Labour Party which is very much more left wing than when I came into politics

She said the Government was doing as much as it possibly could about the alleged north-south di-vide in Britain. She pointed out that meas in the north were "very pros-perous" and that some people lived better in the north because housing

### European export drive by Thorn

THORN-EMI, the diversified UK ectrical group which is recovering from a severe financial set-back in 1985, is planning a new drive into the export market in Europe with its range of electric and gas coo-

The move marks a shift in strate-gy after a long period in which the UK group has been under severe ure in its home market from uropean imports of kitchen prod-

Its range of cookers and fridges, which include names such as Trinity, Bendix, Moffat and Parkinson an, have lost market share steadily in the UK in the last few years. They have been hit by low-cost Italian imports at one end, and sophisticated West German designs at the other. Exports have been

launched by a largely reorganised management team, is simed both at winning back domestic market share and making inroads against European competitors in con

Fresh investment in the kitche equipment division has begun with a £10m refurbishment of the

#### like of coalition politics and a hung and travel costs were cheaper. group's electric cooker plant

PERFORMANCE-RELATED REWARDS COULD BE WORTH EIGHT TIMES SALARY

### Burton to offer big share options

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SENIOR employees at Burton will be possible for the options a further five per cent could be in-Group, the retailing chain headed by Sir Ralph Halpern, are to be of-fered performance-related share options worth a possible eight times

In the case of Sir Ralph himself, the value of those options could reach £8m - based on his 1986 remuneration which topped £1m.
The options would be granted un-

der a new scheme, which will need the approval of shareholders later mth. Burton's existing execu-June 1988, and - as with most similar schemes - only allows for options to be granted up to four times

again, the little one wins.

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a car 'phone. But as it's so tiny, you can easily

places. For example, a on trains. In buildings. Or

less than 11/2lbs. To be precise, 181/2 ozs.

granted to total 12 times annual sal-

ton's real earnings per share growth exceeds 30 per cent within a five-year period.

They can be offered options worth a further four times emoluments provided Burton's cumulative share option scheme ends in puts it in the top 25 companies constituting the FT 100-share index.

scheme, the options could cover

When you weigh it up, there's really no contest.

This is a David and Goliath story, where once

According to Mr Michael Wood, tives can be given options worth four times emoluments, which they will then be able to consider 25 growth of 25-30 per cent to have qualified if the scheme had been in force over the past five years. However, the company - which has seen pre-tax profits rise from £24.3m in the year to end-August 1982 to £148.7m in 1986 - would actually have made the top 15.

The scheme will be applicable to puts it in the top 25 companies con-stituting the FT 100-share index. Burton Group, and the decision as Under the first part of the which might benefit will be made by its remuneration committee. The annual salary. In the short period more than 5 per cent of Burton's is- committee will be able to restrict tions would depend on the degree of when the two schemes overlap, it sued shares under the second part the exercise of options if the holder earnings per share growth.

greed "key tasks."

The scheme, however, will not be Inland Revenue approved which means that the Burton executives must pay the full income liability on any profits made from their op-

Mr Wood yesterday described the scheme as innovative because the performance criteria were both real and relative". However, he dised suggestions that Burton might face institutional disquiet over the size of the options

Originally, he claimed, Burton had wished to introduce a tapering scheme whereby the size of the op-

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access, and an armoury of other features

### Hapag Lloyd to abandon ports after ACL merger

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

shipping services, the West German shipping line Hapag Lloyd yester-day announced that it is to merge its North Atlantic contain vices with those of Atlantic Container Lines (ACL).

The new service will use the port of Liverpool - currently ACL's principal terminal - for all its UK traffic. This means the abandon-ment by Hapag Lloyd of the ports of Southampton and Greenock which it currently uses for its North Atlantic container services. Its ships call at Greenock on the outward voyage from Bremerhaven to the east co of America and pass by Southamp-

ton on the return voyage. Hapag Lloyd said yesterday that the rationalisation was necessary to cut costs and to remain competitive in times which are proving to be

faces similar problems of over-ca-pacity and inefficiency as the chem-

ical industry did in the early 1980s,

elect of ICI, said yesterday.

Addressing the Oxford Farming
Conference, he said: "For agricul-

have to be considerable rationalisa

tion of worldwide especity in the

British farmers - which he de-

scribed as the most efficient in Eu-

rope – should move decisively to respond to the inevitable changes in European and world agricultural

lowever, at moves in Europe to cut

production in ways which appeared to disadvantage the most efficient

producers, ICI, for whose products

the farming industry remains the

biggest customer, is known to be worried about proposals to limit ag-

ture, as it has been for the che industry, it is clear that there will

next few years."

markets, he added.

serious "over-tonneging," the shipping line said. The newly merged service will

begin operating from July, using a total of nine ships, four of them owned by Hapag Lloyd and the re-maining five by ACL.

ACL recently decided to withdraw from service four of its nine container ships and to have the remining five "stretched" - by having an extra section inserted in the hull to carry greater loads. The decision of Hapag Lloyd to

stop using the port of Greenock on the Lower Clyde, which has been a regular port of call since 1970, puts the future of the Greenock container terminal in jeopardy. The once weekly Hapag Lloyd service and

inpuis such as fertilisers.

Quotes on output, area or input

trend in production costs, Mr Hen

derson said, adding that he had never heard of a business that

He called on farmers to learn

from the restructuring of the chemi-

cal industry, drawing up a clear survival plan, developing better marketing skills and promoting tham-

selves to the public more effective

World farming 'must

face rationalisation'

IN an important rationalisation of very difficult for shipowners. The lines feeding it are now the only shipping services, the West German North Atlantic route suffered from regular services using the terminal which employs 70 dockers.

There are now fears that the terminal would have to be closed, which would be another serious blow for Greenock, which in the past few years has suffered severely from the collapse of its principal industry, shipbuilding.

Late last year the Scott Lithgow ship and oil rig building yard an-nounced that it was going to lay off 1,660 men early in the new year, beause of lack of orders.

The only compensation that Greenock is obtaining from the pro-cess of rationalising North Atlantic container services is that work on lengthening the ACL container ship Atlantic Conveyor is to be carried out at Scott Lithgow.

By Devid Brindle

THE WORLD's farming industry ricultural production by physical faces similar problems of over-ca-controls or by restricting the use of LONDON Underground services

tee last night after the union de-clared a ballot majority of almost 83 per cent in favour of industrial action against London Underground's

effect on services.

#### Strike plan to halt London Underground

are expected to be halted next Wedpesday by a 24-hour strike called by the National Union of Railwaymen The strike plan was agreed by the NUR's national executive commit-

employment policies.

The executive also called for a ban on unrostered overtime and rest-day working, beginning on January 19. London Underground said last night this could have a serious

If next Wednesday's strike goes shead, it will be the first attempted widespreed disruption of the capi-tal's tube network since May 1985, when an indefinite strike collapsed on the first day with NUR members widely ignoring the action call and more than 75 per cent of services

### speech, Mr John MacGregor, chief secretary to the Treasury and a former junior agriculture minister emphasised that public expenditure on supporting agriculture is many times larger than that for industry, representing "A misallocation of re-sources in general."

### Minister seeks speedy report on the Guinness affair

MR MICHAEL HOWARD, the Minister for City Affairs, says he is not feeling defensive. The daily revelahave made the probity of the City of London a political issue which the Opposition is eager to exploit. But he sees no reason to be application

and actions. to take the initiative in explaining the Government's stance. To him there are only two legitimate politi-cal questions. Has the Government taken sufficient powers to deal with any abuses? Is the Government using the powers vigorously and effec-tively? Anything else is muck rak-ing."

debate the issues - and may well face questions when the House of mons returns next week. He argues that no one has shown what additional powers might be used or whether there has been a lack of re-

On his view, the Department of Trade and Industry (DTI) has taken "proper and more effective action than any previous government has done," by making insider dealing a criminal offence in 1980 and by using the sweeping powers in the Fi-nancial Services Act which became law two months ago. He points out that many of the regulatory provi-sions of the recent act are not yet in

Anyway, Mr Howard argues that

Peter Riddell meets Michael Howard, the Minister for City Affairs who has powers over dealings abuse

small minority of people in the City who practise insider dealing. The mental state of someone ter

Detection should also be improved by the extent to which elec-tronic information is now available to supervisers who can identify transactions and patterns in share

Mr Howard is also encouraged by the agreement with the US authorities on the exchange of information about which he draws a veil of discretion in line with the terms of

But following the "successful" a network of bilateral agree a visit to Tokyo in April.

in the inquiry into Guinness as de-manded by Mr Robin Cook, Le-mediate decisions.

memorandum of under-

meeting of supervisers in London last month he is hoping for further between different countries. Britain is pursuing discussions particularly with Japan; this is one of the topics Mr Howard intends to raise during

More immediately, Mr Howard, sees no need for an interim report

Similarly, he sees no virtue in giving them a deadline. What matters is that the inspectors, who are

Mr Howard points out the respon-sibility of the City takeover panel for the way such battles are conted but he emphasises that the provisions of company law apply as much in the conditions of talcovers as in other contexts.

There is nothing he can do to stop or curb the speculation associated with the Guinness inquiry, Mr Howard emphasises. Asked whether the current controversy Howard emphasises. might not deter him from ordering a similar investigation in another place, Mr Howard says he did not set up an inquiry of this kind light-

quiring investigation, he would have to take the appropriate action. There can be no question of the government tolerating malpractice or abuse in the City." But there were no signs yester

bour's City spokesman. This might hamper the inspectors in the mid-de of their investigations.

☐ PEUGEOT TALBOT became the latest vehicle maker to join the New

Year round of price increases. The UK-built 309 car range is going up ters is that the inspectors, who are working full-time, complete their inquiry as soon as possible consistent with driver a second factor of the control of Noting that the matter of the | INTERNATIONAL Boat Show

eader.

share quotation is for the stock ex-change, he points out that at pres-the British boat-building industry ent no one has an obligation to buy more confident than for almost a or sell and therefore "the advan-decade. Orders and exports, espetages of a suspension are not self-evident." cially of power boats, have grown rapidly over the past year.

☐ STOTHERT & PITT, the troubled Bath-based cranemaker has announced major board changes fol-lowing its rescue by Mr Robert Maxwell's Hollis Group, Mr Colin Robinson, managing director of Hollis Industries, the engineering subsidiary of Hollis plc, has been appointed as chief executive.

D LONDON'S January sales season could be disrupted by industrial action by workers at one of the largest security companies, according to Matsa, the white collar section of the General Municipal and Boiler-

maker's union The 275 workers employed by Group 4 Total Security, have voted by 6-to-1 to start an overtime ban and work to rule from next Sunday, Matsa said yesterday.

The vote follows the company's decision to withdraw from a long-

standing pay and productivity

Philip Stephens reports on figures confirming a rapid growth in living standards

### Rising incomes fuel retail sales

people in work in Britain was provided yesterday by official lig-ures showing a steep rise in real personal disposable income. In parallel, company profits are showing signs of a recevery after-falling back during the first half of test

said that real personal dispos-able income rose by 1½ per cent between the second and third quarters of last year to reach a level 5 per cent higher than in the same period a year earlier.

The increase, which reflects the combination of rapid growth sen since 1982. It is also the key factor behind

the rapid growth of come spending seen in recent months. The retail sales upsurge has been further reinforced by a massive expansion of credit demand, alat consumers are not yet run-ng down their savings to meet

loan repayments.
The CSO data shows that during the year to the third quarter of 1986 total disposable income rose by 9 per cent. With consum-er inflation at 4 per cent, that left

a real increase of 5 per cent

t buoyancy of income fax enues, which has encouraged culation that Mr Nigel Lawr, will make a sizeable cut in the basic rate in his next budget. Income tax revenues in the three

The CSO's statistics for com-

ny profitability show an overantise of I per cent in the third quarter of the year compared with the previous three months. that average performance, how-ever, masks sharp differences between companies in and outside of the North Sea oil sector. In the three months to Sep tember the profits of North Sea companies were 60 per cent low-er than 2 year earlier, reflecting

the collapse of the oil price dur-ing 1986. In contrast, the profits tor rose by 7 per cent over the same period.

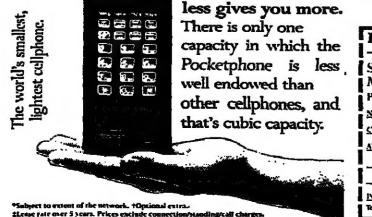
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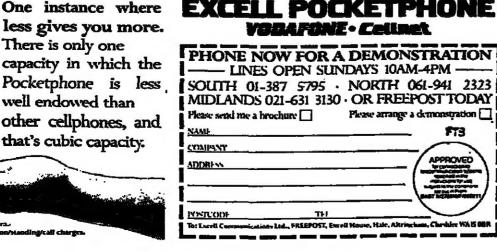


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### Teachers' pay deal still in balance

By David Brindle

THE SALARY and conditions esenting a majority of teachers n England and Wales and the local authority employers is expected to be ratified today at what may be the last meeting of the 68-year-old Burnham pay negotiating commit-

However, the move is unlikely to bring about the end of the long-runeachers' dispute. The odds remain high of the Government imposing a settlement, at the same time as it abolishes Burnham under legislation being debated next week in the House of Lords.

In spite of informal negotiations earlier this week, it remains un-clear whether the Labour-led employers will today formally table their proposals to amend the out-line agreement to try to make it nore acceptable to the Govern-

Mr Kenneth Baker, Education Mr Kennem Baker, concasion Secretary, has made it clear he con-siders as too high the proposed £15,058 salary scale maximum for the average teacher. He also wants at least four levels of supplementtary allowance for merit, compared to the two levels of £779 and £2,077 presently specified in the agree

If the employers do put forward mendments, these are likely only to introduce one extra tier of allow-ance and to stagger further the implementation of the 15-month agreement, bringing its cost down to the 16.4 per cent or £608m limit set by Mr Baker.

Feeling in the bigger unions is strongly against reducing the scale maximum. At a meeting on Monday of the 80-strong ruling executive of the Assistant Masters and Mis-tresses Association the third biggest of the six unions, fewer than six executive members voted for a proposal to cut the maximum to im-

Majorities on each side at today's Surnham meeting are expected to suffered from having to establish itfavour ratifying the agreement - self in each new location because it whether or not it is amended - in a | was not known nationally. Ideally, move which would ordinarily re- we want to get into the out-of-town quire the Education Secretary auto- sector with our best strength, and matically to implement the statuto-ry committee's wishes.

This is by far the Currys name," Mr

COCA-COLA & SCHWEPPES LAUNCH MAJOR CHALLENGE TO BRITVIC CORONA

### Hard battle looms in soft drinks

BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

ages, one of the pair of powerful new groups which now dominate Britain's soft drinks industry, will invest £80m this year as it sets out to capture a third of the £3bn market for fizzy drinks, squashes, mix-

ers and fruit juices.

The joint venture between CocaCola of the US and Cadbury
Schweppes of the UK, which started trading on Monday, has set itself
a retail sales target for the first

will be spent on other promotional and marketing efforts, the company said yesterday.

Manufacturing, bottling and dis-

year, thin will be spent on vending and draught drink dispensers, and

**Power City** 

discount chain

By Our Consumer Industries

DIXONS GROUP, Britain's leading

electrical retailer, has merged its

out-of-town Power City discount

chain with its better-known Currys

business.
Integration would save about

C2m a year on overheads, Mr Eddie

Dayan, Currys managing director, claimed yesterday. It would also in-crease the cost-effectiveness of Cur-

rys national advertising and extend

the benefits of the group's bulk buy-

ing power.
The electrical market had

changed in the past two years, Mr

Dayan said. The demarcation be-

tween in-town and out-of-town re-

tailing had become blurred, and there was very little difference in

Power City was established ap-parently while this transformation

was under way. The chain was

launched just over a year ago as a wholly autonomous unit within Dis-

Power City expanded rapidly, but

ons Group.

COCA-COLA & Schweppes Bever- CAm will go on computers and sys- Schweppes strategy, Mr Derek Wil- with each other to sell the same

This forceful launch by two of the world's best-known soft drinks names, offers a considerable challenge to the second emergent group, Britvic Corona, operated jointly by Pepsi-Cola and UK brew-ers Bass, Whithread and Allied-Ly-

Schweppes of the UK, which started trading on Monday, has set itself a retail sales target for the first year of £750m.

Advertising alone will swallow stake in the group and its long-running struggle to dent Coke's domination of the UK cold drink market. Coca-Cola currently outsells Pepsi four-to-one in Britain.

Outlining the Coca-Cola &

THE COST performance of British

manufacturing industry has improved dramatically over the past year, and unit labour costs may show no growth at all in 1987, a

leading London securities house

In an unusually optimistic assess-

ment of trends in productivity and labour costs, Credit Suisse First

Boston says that the recent upturn

accompanied by an excellent cost

launch its biggest pilot recruitment campaign, aimed at hiring up to 100

pilots a year over the next few

BA, which is to be privatised

buring output has been

said yesterday.

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

Although year-on-year compaci-sons show unit labour costs in man-provement can be attributed to cyc-

sons show unit labour costs in man-ufacturing rising by more than 3.5 lical factors, there are good grounds

ERITISH AIRWAYS is about to paign is intended to ensure that launch its biggest pilot recruitment there is an adequate supply of re-

shortly, currently employs about supply of qualified pilots but also a 1,900 pilots, half of whom will have limited demand for new pilots stem-

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

reached retirement age by the mid-ming from the downto

liams, managing director, said that although the UK soft drinks market had grown 48 per cent in value since 1981, its full potential had not been realised. Mr Williams said he planned to double the rate of market growth over the next five years.

UK consumption of 102 litres a head lagged behind the US (253 Rtres), West Germany (162) and Belgium (135).

He claimed his new company already sold a third of all carbonated Schwer

drinks consumed in Britain and accounted for a quarter of the soft drinks trade overall.

Manufacturing, bottling and distribution will be boosted by £22m-worth of investment during the with the balance split among about 150 other smaller companies.

Rauonausauou of the worthouse in Britain.

Rauonausauou of the worthouse with the soft drinks trade, duced several advantages, according to Mr John Sunderland, commercial director. Instead of frag-

1986, the latest month for which fig-ures are available, there was no in-

crease at all in unit labour costs in

manufacturing, despite continuing strong growth in wages and sale-

ries. The apparent paradox is ex-plained by an acceleration in the

The securities house says that al-

It is 10 years since the airline last

recruited pilots, the gap being ac-

counted for not only by an adec

nent can be attributed to eye-

pace of productivity gains.

British Airways to recruit pilots

brands, we now have one company which can sell the acknowle market leaders in every major sector," he said.

Economics of scale would free resources for promotion, and the link would simplify life for the trade with a co-ordinated range, one sales call, one delivery, one in-

As well as Coke and the Schweppes labels, the Coca-Cola & Schweppes Beverages portfolio includes Fanta, Lift, Quairo, Roses Lime Juice and Kia-Ora.

Britvie Corona's main brands inchide Pepsi, 7-Up, Britvic juices, R. Whites lemonade and Canada Dry. It extended its range last Octo-ber when it paid Beecham Group about £130m for the Corona, Idris,

That suggests that Britain will

outperform most of its main compe-

titors, reinforcing the impetus to ex-ports provided by last year's sharp devaluation of the pound. Goncern about a major deterioration in Brit-

ain's current account position is,

therefore, likely to prove un-

BA's recruitment will be in two

main areas - direct entry of al-

ready-qualified pilots that it can acquire from other airlines, and

what it calls "cadet entry," recruit-

have women on the flight deck be-

fore the end of this year.

### Currys absorbs Industry unit labour costs 'may slow to standstill' this year

ish emigrants to Australia.
The ship's hull and superstruc-ture are said to be in good condiper cent in the autumn months of for believing that it reflects a du-1986, those figures disguise a strong rable underlying trend. In those cir-improvement during the year. cuinstances the Treasury's forecast

tion, however, and the engines have been modified to save money by

in the region of £45m a year. This is regarded by P&O as sufficient to justify the cost of a major refit.

#### Fight to save Cummins plant

mins Engines factory in Darlington, north east England, left Britain yesterday for the company's headquar-ters at Columbus, Indiana, where they will put proposals aimed at preventing closure of the UK plant with a loss of 500 jobs.

The union leaders will meet Mr Jim Henderson, Cummins world president, and ask him to suspen plans for a phased shutdown of the Darlington components plant. Ining young men and women whom BA will train from scratch. One restead, they will suggest that the company should explore the possibsult of this is that BA could well ility of diversifying and taking in

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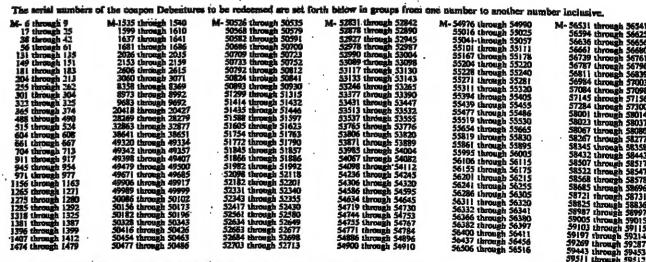
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Coupons which shall mature on or before said Redemption Date should be detached and surrendered for payment in the usual manner. Coupons which shall mature on it before said receiviption, was should be detached and sucrements for payment in the usual manner. Debentures may be converted at the option of the holder thereof into Common Stock of the Guarantor at the price of \$30.89 per share. The right to convert Debentures selected for redemption into Common Stock will terminate on February 1, 1987, in accordance with the right to convert Debentures selected for redemption into Common Stock with the Debentures selected for redemption in accordance with the mind under which the Debentures were issued. For all purposes of the Indenture, the Debentures called for redemption in accordance with Indenture under which the December to be no longer outstanding on or after February 1, 1987, and all rights with respect thereto, except as stated

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Dated: December 31, 1986

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P&O may invest £25m on refit for Canberra

By Kevin Brown PENINSULA & ORIENTAL Steam Navigation (P&O), the UK's biggest shipping company, is considering spending around £25m on a refit to

extend the life of its flagship cruis-eliner, Canberra, by up to 15 years. P&O is expected to invite tenders for the work next year. No decision has been made on whether the contract will go to a British or overseas shipyard. Canberra sailed from Southampton last night for its first world cruise since a Cam resit at the

Lloydwerft shipyard in Bremerhav-en, West Germany, in December. A more extensive refit is thought to be necessary, however, if the 36-year-old ship is to remain profitable in the increasingly competitive cruise market.

A project team set up by P&O to evaluate the future of Canberra is expected to produce a preliminary report at the end of this year. The team is considering replacement of around 400 cabins - nearly two-thirds of the total - many of which were originally built for use by Brit-

of a 2% per cent increase in unit cruising slowly.

Canberra has been consistently may well prove pessimistic, with the outtorn likely to be closer to and is believed to generate turnover to the continuous control of the control of

UNION LEADERS from a Cum-

New Issue January 7, 1987



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subject to the te-

### Canadian/US banking

### The bright light in BMO's firmament

Bernard Simon on the ramifications of a cross-border takeover

AMONG foreign banks which senior managers to fly to primary dealer in US government taken the ambitious foronto together at least once ment securities. The challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the two banks has been to complement out of the challenge facing the chal one of the few whose ex-perience has brought more joy than sorrow.

BMO has quickly reaped dividends from its purchase in September 1984 of Harris Bankcorp of Chicago, the third biggest bank in the state of Hillings Iransaciones state of Illinois. Its experience contrasts sharply with Britain's Midland Bank and Lloyds Bank,

Midland Bank and Lloyds Bank, both of which have cut short their forays into California, and with other foreign banks such as Hongkong and Shanghai Banking Corp which have taken several years to get their US acquisitions into shape.

BMO's acquisition of Harris is widely regarded as one of the masterstrokes in Canadian banking in recent years. This is particularly so in the light of widespread criticism that BMO suffers from autocratic and altoratighted management. Doubts about the management skills of about the management skills of BMO's strong-willed chairman William Mulholland reached a

peak at the same time as the Harris takeover, when four of BMO's most senior officers, including a vice-chairman, resigned. The wisdom of BMO's purchase is apparent from its recent financial results. BMO, the seventh largest bank in North America with assets of C\$89bn, is seven times bigger than Harris. But the Chicago bank contributed more than a quarter of BMO's earnings of C\$355m in the year to October

Neil Withers, banking analyst at the securities firm Richard-

colleagues.

American-raised Mulholland. whose early career included a partnership at the US investment bank Morgan Stanley, says that being a Canadian bank in the US "is slightly better than being English and a good deal

better than being German."

But the successful match also owes much to the way in which BMO and Harris have combined resources to build on each other's strengths while shoring other's strengths while shoring up their weaknesses. The acquisition has given BMO, in Mulholland's words, "a well-balanced, integrated operation in the US." Harris's latest quarterly report observes that the association "has allowed us to enter new markets and compēte in ways that otherwise would not have been possible."

Endangered Harris badly needed a bigger partner in 1984. At a time when corporate treasurers wanted to deal with the smallest possible number of banks, Harris's ability to hold on to large customers and stiract new ones

customers and shired new ones was endangered by a capital base which restricted individual loans to around \$50m.

According to Kenneth West, Harris's affable chairman, "we were being cut out of arrangements that historically we were in." Unable to compete over a bread front with the we were in. Uname to compets over a bread front with the giants of North American bank-ing, Harris was in the process of closing its London and Singapore offices.

at the securities firm Richardson Greenshields of Canada, says that "Harris is the one bright light in BMO's firmament. If points out how abysmally bad the rest of the bank is."

Part of the explanation for the Canadians success may be a simple fact of geography. Harris's trust department which administers assets of miles from Chicago. The proximity of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's The Chicago bank is also a light of the two banks makes it easy for a dozen of Harris's the cone of the US. While the Canadian group is first the two league of international commercial banks, canada's bank act has kept it out of fiduciary services of fiduciary services of the US. Its share transfer the US. Its share transfer business is among the top five.

Hitachi's advances in medical electronics extend to automatic blood

chemistry analysis, a Picture Archiving and Communications System.

diagnostic ultrasonics and Magnetic Resonance Imaging.

and (where necessary) supplement their services without treading on each other's toes.

A number of guidelines has evolved. Overlapping functions have generally been put in the hands of the bank which initially had greater expertise or market share. Thus, BMO has or market share. Thus, BMO has taken over Harris's multinational customers and its energy and real estate business. But the Cahadian bank has transferred part of its commercial lending operations in New York and Los Angeles to Harris, which its transferred has become and the commental control of the commental control which in turn has expanded this business to include trust and other not-credit services.
According to West, "we try
to stick with the rule: how are

we going to serve the customer best?" Marginal profits are a secondary consideration, he says.
The mutual benefits which have flowed from the association are vividly illustrated by BMO's decision to set up its own BMO's decision to set up its own credit office on the 11th floor of Harris's Chicago head office. The 50-strong department, headed by a senior vice-president, enables the two banks to co-operate closely in making the large loans which Harris previously had to turn down.

wiously had to turn down.
Weyerhaeuser, the US forest products group, and Royal Dutch Shell's Houston-based subsidiary are among the companies which have started doing business with Harris since it joined forces with BMO. Pointing out that BMO has an office in Houston, West says he doubts whether Harris would have won the Shell business without the

On the other side of the coin, Mulholland estimates that Harris's contacts have brought about \$100 in assets onto BMO's able to confine supervision of its balance sheet. new subsidiary almost entirely Luck and good timing have also played a part. Some of Harris's new customers used to

BMO connection.



sharp improvement in Harris's financial performance since 1984 is partly due to a correc-tion of its classic banking mis-take in the early 1980s of fund-ing long-term, fixed-rate loans with short-term, variable rate

deposits.
Tim McDermott, director of Tim McDermott, director of research at banking specialists Keefe Bruyette and Woods of New York, suspects that most of Harrie's new business has come from its BMO connection, and from the growth in the Chicago suburban and mediumsized corporate market which has benefited all the city's lead-

ing banks.

McDermott says that "Bank McDermott says that "Bank of Montreal certainly carries a strong reputation as a lending institution." But he adds that "I don't detect that there's been a major inroad [by Harris] into the market share of others."

One of BMO's key priorities in its seven-year hunt for a US acquisition was to avoid unpleasant surprises after the deal was done. With no surplus managers to nurse an siling subsidiary back to health, Mulholland says that "we picked our target banks for quality, not for availability. We started with the notion that we couldn't buy a cheap bank."

buy a cheap bank." He recalls that before the sale was finalised, he, Harris's then-chairman, Charles Bliss, and West "talked and talked and talked" about the two banks and their plans for the

As a result, BMO has been to financial controls. The two banks now use the same external auditors, and BMO monitors Harris's internal audit. Harris has switched to the Canadian bank with Continental Illinois Harris's internal and other Chicago banks which has switched to have experienced difficulties in bank's credit classification

future.

But BMO has not found from the necessary to parachute any of its senior officials into Harris. On the contrary, the only noteworthy exchange of personnel has been the appointment of a Harris man, Jeffrey Chisholm, as BMO's treasurer in Toronto. only one department head has left Harris since the takeover was consummated. "We have the Harris management manage the Harris bank," says Mulholland, adding that "the quickest way to lose people is to treat them like office boys."

#### Reluctant

Such views may surprise those accustomed to hearing stories about the tight rein which Mulholland holds at BMO. Nicknamed "God" by his subordinates, Mulholland has acquired a reputation in Canadian financial circles as a reluctant delegator who prefers talking to listening, and talking to listening, and inspires little personal loyalty among his staff. According to Withers at Richardson Greenshields, "the management style has led to a morale problem. No matter how astute Mr Mulhollend may be, the bank is too big for one person to be making most of the signifi-cant decisions."

West declines to comment on the apparent paradox between the way Mulholland oversees the Toronto and Chicago banks, He says that the two of them "get along very well. I think I have earned his respect." He describes BMO's chairman as a very perceptive, global-think-

Mulhelland responds to questions on his management style with an icy silence. "I wouldn't

officer pays regular visits to Chicago. Each sits on the other's board.

But BMO has not found it necessary to parachute any of its senior officials into Harris. both banks face the problem of buildings their community. both banks race the problem or building on their accomplish-ments. "We're coming up to a need to generate some new initiatives," West says, noting that one of his priorities in early 1987 will be to discuss the two hanks' future expansion in two banks' future expansion in the US.

Harris has already capitalised on a more liberal regulatory climate in Illinois by buy-ing eight suburban Chicago banks. The introduction of new rules on January I allowing Illinois banks to expand into five other mid-West states has further broadened its scope for

Growth creates its own prob lems, however. Both Mul-holland and West agree that one of the difficult adjustments Harris has to make is the move from the collegiate, informal style of banking possible in a relatively small, centralised unit to the more regimented

controls required by an expand-ing organisation.

A further constraint on Harris is the high price now paid for US banks as many institutions rush to stake their claims in the new era of interstate banking. As a wholly-owned subsidiary of BMO, Harris cannot delay to the state of the st finance an acquisition by ing new shares, and would thus need to raise a substantial amount of cash.

generously to its Chicago sub-sidiary's balance sheet. Besides capital infusions totalling \$126m, it has allowed Harris to retain all of its earnings.
Harris's ambitions mean that

### Management

abstracts Decision theatre: an innovative approach to management education. B. Roach in Business Horizons (US), July/August 1986 (7; pages) Reviews various forms of management education and finds more than a grain of truth in the criticism that it produces too many specialists strong on analytical skills but weak on interpersonal relationships. As

in a realistic setting with an arena for participants to act out scenarios, an assessors' gallery to allow other students to watch the decision-making process, and support facilities such as interactive computer terminals, audio-visual equipment and dis-play monitors. Points to its play monitors. Points to its advantages and indicates areas —such as negotiation and per-formance appraisal counselling —in which it can provide valid training.

develop and improve these skills

stations. R. L. Crandall in Information Strategy: The Executive's Journal (US), Spring 86 (5; pages)
In the sense that work-Spring 86 (5½ pages)

In the sense that workstations mean personal computers and printers, shows how executives can use them on their desks, for small group meetings, and larger executive conferences. Stresses that such workstations require no com-puter literacy to allow execu-tives to use them (using the tives to use them (using the analogy that you don't have to know how a car works to drive

issues of security, hardware/ software capability and the impact on staff levels. A survival kit for the everseas exhibitor. P. Scott in Indus-trial Marketing Digest (UK) Vol 11 No 3 (5 pages) Offers a list of do's and don'ts for mounting exhibitions abroad, including taking a sur-

a company's critical success factors. Briefly addresses the

spare company letterheads just in case. Overroming the problems of relocation. M. Butler in Industrial Society (UK), Sep 86 (3 pages) ing time should be made a Looks at the background to condition of concessions.

RMO has already contributed cement company Blue Circle's relocation to its new headtal infusions totalling duarters on the Aldermaston duarte

move; outlines the communica-tions to employees, and con-centrates on the housing question — especially the disparity of prices. Ex the role of Black Horse Reloction in assisting employee moves, with benefits in easing the process and ensuring a good price for their old property.

The product enthusiast. P. H. Consumer Marketing (US), Summer 86 (11) pages) Broadly defines the enthusiast as a consumer with "excepan alternative, advocates the use tionally high product interest" of the "decision theatre," to and enduring involvement with that product: lists types of enthusiast behaviour, e.g. pro-duct knowledge — typifical by the specialist interest magazine reader (stereo equipment, (assion etc); considers market-ing strategy in light of enthusiasm, e.g. complex and bedonic products have appeal (respectively — for instance, computers and surf-boards), whereas — say — alr-conditioning units do not; outlines pricing decisions, advertising, and distribution for enthusiast

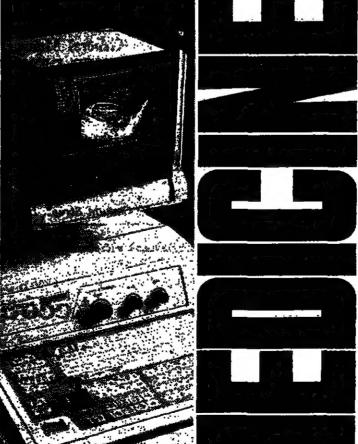
manufacturer Trebor's new factory at Colchester in Essex — a "chance to design Utopla," where people are laid out in relation to the flow process rather than fitted around the machinery; notes the egalitar-ian nature of the plant, the use of semi-autonomous groups — avoiding the need for supervisors — job rotation, and the presence of a "village street" where workers can one). Suggests how they can improve information quality and keep executives aware of relax and have a break.

There's more to flexible hours than meets the eye. H. van Deelen in Fortschrittliche Betriebsführung und Indus-

betriebstunring und Indus-trial Engineering (Fed. Rep. of Germany), Aug 86 (5 pages, in German, English version available). Maintains that the introduc-tion of flexibility into working hours can lead to improved utilisation of assets inasmuch as the shorter hours worked vival kit of items including can be put to better use, thus implementing a "longer work-ing hours but shorter hours for the individual" policy. Suggests that in negotiations for shorter hours this extension of operat-

These abstracts are condensed from the abstracting journals published by Anber Management Publications. Licensed topics of the original articles may be obtained at a cost of 64 each (including VAT and page; cash with order) from Anber, PO Box 22, Wembley, HAB BDJ.

#### Medicine should be more than the ability to treat or cure. The best care and treatment come from precise diagnosis.



Medical electronics have brought marvelous progress to diagnostic medicine in recent years. Great strides have been made in biochemical analysis, electron microscopes and medical information systems. Another shining example is the advent of imaging equipment which uses magnetic resonance to display even the

most subtle changes in body chemistry. Hitachi's scientists and engineers are now at work on an innovative system which will make it feasible to store, retrieve and use comprehensive diagnostic data from a wide array of imaging equipment — from the most sophisticated Magnetic Resonance Imaging units (MRI) to nuclear medicine, ultrasonic scanners and X-ray CT, to name just a few. This Picture Archiving and Communications System (PACS) should lead not only to more precise diagnosis but also to formation of research and education information networks which

use medical image data to the fullest. Hitachi are also developing highly advanced electronic microscopes for exploring the world of micro-fine objects -indispensable in basic studies of medicine. and biology. And we are creating medical equipment such as an automatic blood chemistry analyzer and an information processing system.

We link technology to human needs. We believe that Hitachi's advanced technologies will result in systems that serve peoples' needs more precisely and fully than ever before. Our goal in medicine and communications, energy and transportation as well - is to create and put into practice innovations that will improve the





quality of life the world around.

### Stupidity of barring unemployed applicants

BY MICHAEL DIXON

granted to mark those occasions is that it should never again see an advertisement of the sort perpetrated recently by recruitment consultant Mai-colm Green of Evesham in Worcestershire.

"Without being un-sympathetic," he boomed in bold type while offering a general manager's post with an unnamed engineering company in north London, "this parti-cular appointment is not aimed

Unless Mr Green forgets his experiences extraordinarily quickly, it seems doubtful that he has ever been among those ranks himself. Otherwise he would know that the out-of-work managers he bars from applying will feel no need for his protestation that he does so without unsympathy.

Nevertheless I hope he will accept that I am not being unsympathetic either in criticising him by name for disdaining unemployed applicants. While he may be unusual in advertis-ing the fact, many other recruiters do the same furtively. Nor in the last analysis are such bans the fault of recruitment consultants. If they rule out jobless applicants the

could to persuade their employer-clients not to impose blanket bans on people who happen to be out of work.

nappen to be out of work.

The stupidity of imposing them has been several times shown by research. A recent example — reported in this column on October 22—is the study of unemployed managers made by Britain's Cranfield Management School with support from the Pauline Hyde and port from the Pauline Hyde and Associates redundancy-counsel-

The research indicated that while the executives who had been sacked tended to be less conformist and politically shrewd than those who survive in the organisational jungle, they were on balance more they were on natance more energetic, imaginative and creative. In short they seemed to be the very people a company needs to keep if it is to be enterprising and innovative enough to remain successful in a time of fierce competition and the envelope in the statement of the stat

thoroughgoing change. But that finding of the Cran-field study is not the only pointer to the stupidity of absolutely banning jobless applicants. Besides ruling out workers who have been sacked individually, those bans also

THE START of this new year instructions the "middle-men" the faults of its senior manages coincides with the Jobs consultants are bound to follow. ment. Indeed, at times like ally do in your work. By the increased it. Or so I am told column's 14th birthday. And the Even so I feel that few if any the present, it could be that "duties" of the job, on the by recruiter Tom Kerrigan who wish it would like to have of them do as much as they the risk to an employer of other hand, I mean the things is urgently seeking two teams of them.

by the risk to the candidate of selecting a company not up to the challenge of change.

If so, there is surely a growing need for all employees to keep critical watch on the fitness for the future of the concern they already work for, let alone of any they may be tempted to join anew. In doing so they might do well not only to consult standard indicators such as reports in the business such as reports in the business press but also to keep an eye out for, and be chary of, any organisation that imposes blanket bans on the

choosing a candidate who falls that you are formally supposed abort of its requirements is to do by your organisation to being outweighed increasingly the extent that you feel worried by the risk to the candidate of even if you do not risk punish-

outnumber the tasks?

The second question is which of the three would apply in the job you would ideally like to

about the exercise without pre-judicing the outcome of the test, I will let the matter rest

questions.

Before asking them, however, has evidently had the same I will explain a couple of pretty effect as most other large-scale unfamiliar terms which the computerisation.

Although rule out jobless applicants the eliminate people pitched out unfamiliar terms which the computerisation. Although primary blame must lie with wholesale by the failure of exercise requires me to use. By theoretically supposed to reduce the direct employers whose their organisation because of the "tasks" of the job I mean the need for old-style paper-

is urgently seeking two teams of skilled paperworkers in the field ments for an unconnected pair

As he may not name them he. like the other headhunders to be mentioned later, promises to abide by any applicant's request not to be identified to the employer at this stage of the proceedings.

In both cases the incoming team will have four members. The salary indicator for the team leader is £30,000-plus with the other three being on about £20,000, all enjoying the usual plushy London-banking perks. But one team will specialise in Far East dealings whereas the other will concentrate on Europe.

But the two quartets of bumfpushers do not exhaust Mr Kerrigan's current order book. On behalf of yet another City institution he is also seeking a settlements manager to start at associate-director level and swiftly earn promotion to full board status.

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FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER** LONDON · FRANKFURT · NEW YORK SYDNEY

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During the latter part of 1986 we were retained by a number of clients to seek experienced banking/finance staff early in 1987 to fuel expansion plans. We list below various positions that have just become active and would ask you to contact us if you fulfill the requirements. We are taking new vacancies hourly, so please telephone us to discuss the up to date recruitment situation.

BOND DEALER - FRN's/Straights BOND SALES — European language useful, not always essential BRANCH ACCOUNTANT — ACA with banking CORPORATE DEALER — Treasury operation CORPORATE/PROJECT FINANCE — Various levels CREDIT ANALYST — US bank trained **ENERGIES FUTURES DEALERS** FOREIGN EXCHANGE DEALER — Spot/forward FRN TRADER — 2 years experience HEAD OF BULLION VAULT LENDING — UK corporate
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Please contact Richard Meredith, Anne Ferwicke, Anne Griggs, Michael Hutchings, Nigel Haworth or Karyn Rutherford.

No.1 New Street, (off Bishopsgate), London EC2M 4TP.

Telephone: 01-623 1266

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or export finance proce

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We offer a challenging career opportunity together with an excellent financial package. Please write in confidence to Mrs Alison Clements, Assistant Manager Personnel, Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB.

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APPOINTMENTS For Forex, Capital Markets and Tressury appointments consult a specialist agency

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In the past 5 years our client's Pension Fund assets have risen to nearly £300M, with further significant growth anticipated. The Fund is successfully managed in-house by a small expert team in accordance with strategy determined by the Directors of the Trustee Company. The Fund is entrepreneurially managed and emphasises investment in small companies.

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#### FUTURES

Due to expansion, we need to increase our Futures Team on LIFFE and wish to fill the following posts:

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Applicants should have a minimum of two years' experience of managing a busy booth operation. They should also have a good background of Client/Office liaison.

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Applicants should preferably have experience in the long gilt, short sterling or options pits. We offer highly competitive salaries for both posts, together with bonuses, mortgage subsidy and private health

If you think you can contribute to our growth and would like to join this team, please contact Richard Verin 01-621 0027 or Andrew Church 01-623 0272 or write in confidence to Mrs. A Fenn, Personnel Department, James Capel and Co. at the following address:

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### **STOCKBROKERS** A unique opportunity in Edinburgh

Montagu Lockl Stanley a leading firm of private client Asset Management Stockbrokers will be opening its first regional office in Edinburgh. We require stockbrokers to promote our business in Scotland.

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have a proven record in business development

• be self-motivated

welcome the autonomy this position offers.

Head office in the City of London will provide first class research and the backing of an efficient and computerised general office. The regional office will be in Melville Street, Edinburgh.

The remuneration package will be attractive to candidates of proven ability Please reply to John Roberts **O MONTAGU** 

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or Jim Bruce at Montagn Loebl Stanley Limited, 5th Floor, Capital House, 2 Festival Square, Edinburgh EH3 95X.

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You will be responsible for leading a highly motivated team, which controls and recovers borrowing in the Corporate Sector where events have dictated that such action is necessary. We would expect you to have had substantial relevant experience in a banking environment, including dealing direct with customers and their professional advisers, members of the legal and accountancy professions,

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You will be thoroughly versed in banking, High Court and County Court
practices, with a thorough knowledge of the Insolvency Laws and workings
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In return we offer you a remuneration package of around £22,000 together with a full range of Bank benefits. Moreover, success in this position will certainly open up opportunities for further advancement.

If you feel you have these qualities, please write in strict confidence to:-Kevin Farrell, Head of Personnel, Co-operative Bank plc, P.O. Box 101, 1 Balloon Street, Manchester M60 4EP, enclosing a curriculum vitae.

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These must be some of the most challenging and exciting life and pensions development appointments available at the moment, for which we will negotiate an excellent salary and benefits package.

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#### **UK Institutional Sales**

Merrill Lynch require additional top quality sales people to expand our sales unit besed in London.

We are looking for generalists with a proven record in equity sales. Experience in dealing with institutious based in Scotland would be an

The remuneration package will reflect the experience and quality of the successful applicants.

If you are interested in joining a fast growing team please contact. Mr. Rustom Jehangir on 01-382 0893 for further discussions or write to him at: Merrill Lynch Europe Ltd, Sherborne House, 119 Cannon Street, London EC4N 5AX.

All applications will be treated in strictest confidence.



Jonathan Wren

#### INVESTMENT ADVISER A NEW OPPORTUNITY -

Our client is expanding and developing its personal customer investor base to take full advantage of the opportunities arising from its major stockbroking capacity and unrivalled contacts with the investing public.

On their behalf we seek an additional account executive to be initially involved in PEPs and then with all aspects of a wider public share ownership. Successful applicants will be aged 23+, educated to at least 'A' level, preferably with a minimum of three years experience in the private clients department of a stockbroker or as an investment adviser. They must be either qualified for the new Stock Exchange Examination or be able to pass the examination within six months.

An attractive feature is the location, in Watford, with easy motorway and rail access, with a new office building giving modern working conditions and easy commuting.

A competitive salary is proposed, together with subsidised mortgage, medical scheme and other banking benefits.

Applicants are asked to ring or send a cv to Karyn Rutherford, Merchant Banking Division, listing any organisations by whom they do not wish to be

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Telephone: 01-623 1266



### COMPANY SECRETARY

North Yorkshire — Highly attractive package

Our well known company is engaged in the international business of manufacturing, merchandising and retailing men's and ladies' quality apparel and has a tumover approaching £70m. We seek to recruit a successor to our Company Secretary who retires later this year.

This is considered a key appointment within the company and the person appointed will be expected to make a significant contribution to the ongoing development of the Group.

Reporting to the Group Finance Director, and working closely with him, the Company Secretary has responsibility for the secretarial function of the Group and its several profit centres.

Candidates will probably be between 50 and 40 and must have a legal or accountancy degree or qualification preferably with previous experience in a leading company in the up-market consumer products sector. In personal terms, applicants must be mature and confident, acceptable at all levels, team players but with the capacity for independent decision making.

The remuneration package is negotiable and unlikely to prove a problem for an ideal candidate.

Please write in confidence to

D M Anderson CA. AUSTIN REED GROUP PLC. PO Box 2, Thirsk, North Yorkshire, YO7 1PF.

#### Spot Dealer — London

A principal bank seeks a young aggressive dealer with expertise in the Scandinavian currencies. A minimum of 4 years overall spot dealing is required with at least 2 years actively trading Scandis. This is a prime name bank with an excellent reputation, therefore both career and earning potential is high. This could be a senior appointment for a professional dealer with a suitably high level of experience and market knowledge. Salary is negotiable plus bonus and benefits.

#### **Treasury Instruments** — Middle East

To compliment the existing fx and treasury team our client seeks a person with a broad based knowledge of the off balance sheet market. Encompassing the areas of Swaps, FRA's, Financial Putures etc., the appointee will require the ability to look at these and peripheral areas not only from a dealing aspect, but also from a "financial engineering" viewpoint. The appointee is likely to be a graduate and will have gained their experience with a bank recognised as a leader in this area. Our client has shown significant local and international growth in the last few years and the prospects are therefore good. Renumeration is negotiable but will reflect the importance of the appointment.

Spot Dealer — Europe

Our client is a prestigious international bank with an excellent reputation as a trading bank. They seek an experienced spot dealer with sound knowledge of the major Euro currencies to join the existing team. Finency in English is required and the ability to speak German would be a distinct advantage. The appointment will be based in Frankfurt. Salary negotiable cDM200,000.

APPLICATIONS IN CONFIDENCE TO:-

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Formal qualifications will have been achieved in a commercial/business discipline.

Your experience will be leasing related with highly developed skills as a negotiator at the highest levels of management. Some fluency in a second language could be an advantage. The role demands self-reliance and the ability to accept stand-alone accountability backed by a high level of commercial nous.

Résumés please, including a daytime telephone number, to David Owens, Ref. D217.

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Aged between 24 and 32, you could be a recently

qualified accountant or a graduate who has followed a good company training achieve with a financial blas. Either way, you must be able to convince us that you are ready to take responsibility for pertinent financial appraisals and the

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#### VISIT OUR OPEN EVENING

Why not come along to our Open Evening at The Tower Thistie Hotel, St. Katharine's Way, London, E.1., anytime between 4 p.m. and 9 p.m. on Tuesday, 13th January? You won't be disappointed.

> if you are unable to meet us on that date, please send your c.v., with a covering letter, to: Sue Stator, Personnel Manager, Glaxo Pharmaceuticals Ltd., 891-995 Greenford Road, Greenford, Middlesex UB6 OHE. Tel: 01-422 3434.

### **Senior Futures Options Broker** required

A leading commodity and financial futures brokers seeks a senior financial futures/options broker with a minimum of 5 years' experience in CBOT and IMM, with a sound understanding of hedging and risk management techniques at corporate treasurer level. The ideal candidate would have manmanagement ability and the capability to run a trading desk. Salary circ. £30-£35K plus benefits.

> Write Box A0368, Financial Times 10 Cannon Street, London EC4P 4BY

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ieres worldwide welcome informed advice on how best to invest and maximise their assets.

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The Finance Index Financial Recruitment Consultants

97 Vandon Court, Petty France London SW1H 9HG. Tel: 01-222 5169

### **International Equities Operations**

We are currently seeking an experienced Manager, reporting to the Head of Department, to be responsible for the day to day running of International Equity Trade Settlement and Processing.

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A curear appointment of significant potential. The gross package value, including all normal benefits and car, is unlikely to provide an obstacle to the successful person who has been thinking positively about their next career stage.

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**EXECUTIVES** 

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Please write in confidence to Sara Bonsey.

18, Eldon Street, Maxingade, London EC2M 7LX, Tel: 01-866 4294

relevant corporate finance experience.

achievers to join the team.

and a positive thinker.

**Schroders** 

Contact: Lindsay Sugden ACA Interested applicants should telephone 01-404 5751 or write to 39-41 Parker Street, London WC2B 5LH.

Michael Page City

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Highly monivered person with arcallent organizational skills impantly needed to join a secondarial sed dynamic team of fertitutional equity confessionals with as established but rapidly expanding business. A good talephona manner, experience in sales trading operations, knowledge of computers and the detarmination and willingness to adopt a flootible role in achieving team goals will be substantial assets.

and Eurobond issues.

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London EC3V 0AD

effectively within the customer base of our parent bank.

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THE JOB

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He/she will have a degree in economics and/or finance or equivalent experience. Our candidate will be in his/her late twenties to late thirties and must have gained professional experience in the international currency markets.

The candidate should have worked with a European company/bank for at least two years in an international treasury/finance position and he/she must be a self-starting individual.

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CREDIT ANALYST

On behelf of a client European Bank of substantial International standing, we are seeking a well educated, ambitious banker, aged late 20's probably, to assist in the U.K. Corporate Marketing effort in support of Account Officers. For the chosen candidate, future prospects are excellent within this progressive Bank.

Gordon Brown

A member of Bank of Scodand Group

As a result of significant expansion plans the bank is seeking to fill additional posts in South Wales.

#### **MANAGERS**

Salary will depend on age and experience and will be accompanied by additional benefits, including a company car and

#### MANAGER'S ASSISTANTS

The Bank is seeking so recruit a number of staff, ages 24-28, who have personal and commercial leading experience — ideally in a Banking experience. These posts will only be offered to people who are intent on developing a camer by hard work and using their



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A management opportunity with the fast-growing London operation of a prime European Bank. Duties will involve control, review and enhancement of support operations covering a wide range of markets including Bonds, Swaps, Euronotes, Options and Futures. Candidates will require a minimum 5 years relevant experience and previous supervisory responsibility.

SPOT FX DEALER A major international Bank, highly visible in the spot trading market, has instructed us to introduce a senior dealer to join its successful existing team trading a major currency. The most competitive remuneration package includes a car, bonus and

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#### Television/Christopher Dankley

### And a brighter New Year

Thank goodness that boring farrago is over for another year. Now perhaps we can get back to some proper schedules with at least a smattering of decent programmes. The slavish manner in which all our television channels turn themselves over to old movies, old folk singers, and — increasingly nowadays — compilations from old television programmes, for a full fortnight following the winter solstice, is deeply depressing.

Thank goodness that boring programmes in which now familiar stars were given early moor," this felt like an over-story which might have done better condensed into one of Channel 4's four-minute dramas.

The opening item in a new season of BBC2's "Screen 2" isst as well have been called up to—also proved to be sadly over-length. Coast to Coast was following the winter solstice, is deeply depressing. from old television pro-grammes, for a full formight following the winter solstice, is deeply depressing.

Of course it enables VCR enthusiasts to lay down old movies like claret, against the day when market forces rule television and we have to pay to view Brief Encounter and Mu Darling Claractine. to view Brief Encounter and My Darling Clementine. And of course there is no denying that this elongated winter holiday results in the heaviest viewing of the year; if precedent is anything to go by, then average viewing per head of the population over the past fortnight will have been more than five hours a day. However, that does not prove that the broadcasters are doing the right thing. It merely proves that millions of people now take a long winter break and have nothing better to do than gaze again at Morecombe and Wise Classica or George and Mildred.

Mildred.

Some may actively like an unvarying diet of "festive fare," and given our competitive system perhaps the familiar scheduling is inevitable on BBC1 and ITV. The great disappointment is that neither BBC2 nor Channel 4 takes the opportunity of this peculiar national histus to break out of the scheduler's strait-jacket and offer something unusual. Assuming we must have repeats, then why not the whole of Heimat on BBC3 spread across two or three days? And if C4 wapts to be seen as the archive channel why not a methodical use of it to bring us the television version of a National Film Theatre "Classics" season?

There was one vague attempt at this, lasting 2½ hours and described as an evening of

acties came fairly well out of and white John Shez running Dame Peggy: A Portroit Of a soul-music disco from an old Peggy Ashcroft on ITV, proving: herself to be deeply chimes. Coming into possession thoughtful and very quick; and blick and well again what an excellent interviewer he is. Yet producer/ Lake District, scenery and even director Derek Bailey, whom prettier Cherie Lunghi en we have come to respect for fits authorized. The trouble is that howearts programmes the made ever much you way like Tamba we have come to respect for file arts programmes (he made MacMillan's Mayerling, for instance) seemed oddly ill at ease every time he ahandoned the straight interview format.

The Pyrates on BBC2 was an idea which sounded splendid ("A swashbuckling pastiche of the buccaneering films of the thirties and forties") using the electronic techniques which were exploited so successfully when the Jone strip cartoon was brought to television. Yet is turned out long, indulgent and rather tedious—

vision. Yet is turned out long, indulgent and rather tedious— a combination of faults which has threatened worryingly to become a television trademark in the past 10 days or so.

Long and rather tedious also describes New World. BBC1's ambitious drama on film about the Mayhower pilgrims who, it seems, included both collectivist Christians and gun-law individualists whose competing philosophies were ob-so-slowly teased out and ob-so-deliberately juxtaposed in this two-hour production. A little more drama, a little less moralising, and a ruthless editor might have done wonders.

have done wonders.

Another over long drama was Kazuo Ishiguro's The Gossmet on Chamel 4. Though beautifully made, and with a peculiarly haunting atmosphere which reminded one (perhaps inevitably given the ghostly subject matter and the church acting in London's docklands)

prettier Cherie Lunghi en route. The trouble is that how-ever much you may like Tamla Motown music (and I have a bigger collection than was played in this production) it is no substitute in drama for the development of plot, character and dialogue.

Yet the prize for excessive length must go to The Secret Drawer which BBC2 enterprisingly imported from France. There was much to be admired There was much to be admired about this filmed thriller: the central character was a woman in her sixties (Michèle Morgan); the family relationships in the background were all authentically complicated and neurotic; there was a refreshingly French preoccupation with romance; gunplay and violence were minimal; the locations were pleasant; and humour impinged repeatedly whether via the fruerepeatedly whether via the frus-trated "sexologist" or Paris's traffic nightmare. However, at 44 hours over two nights, it was

about 31 hours longer than it should have been.
But that was on January 1 and 2 at the tail end of the long holiday. As the new season gets into its swing there are distinct signs of better things to come, BBC1's On The Plets was an un-subtle but hilarious documentary about the Sloanes and the Jones of British ski-ing. RBC1's new Sunday peatime serial, The Diary Of Anna Frank, has a workman-like appreach, good locations



John Shea and Lenny Henry

and, in Katharina Schlesinger, yet another talented young scires. Happily, under Gareth Davies' direction, she is not

scires. Happily, under Gareth Davies' direction, she is not making the central character too saintly. Perhaps this production will go a small way towards correcting the image in young minds of the Nazis as hilarious aft-wits which the BBC's 'Allo 'Allo has so unfortunately promoted.

Judging from the opening episode of Seventy Summers on BBCZ on Sunday evening, this five-part series about the changes in farming life and landscape during Tony Harman's 70 years on the same farm will be both charming and fascinatingly informative. And, indging once again from the most programme, Granada's four World in Action specials on the social state of the nation, starting on Monday, may be as effective in telling us about ourselves as the same company's occasional—but vividly memorable—series 7 Up, which most recently reached 28 Up.

Given television's mostive-

ness in telling us about one another — our ancestry, our education, our jobs, our in-come, our attitudes, all the matters which English reserve so often prevents us from dis-covering for ourselves — it is astonishing how few series set out to serve this function.

Saturday's Night Mail on Channel 4, showing the famous GPO Unit film of 1938 with the letter-sorters on the overnight train to Scotland, and then a modern version showing today's arrangements, was partly devoted to this cause. The contrasts both in film making and in postal technology (and the absence of contrasts: the pigeon-hole work on the night train scarcely seems to have changed in 50 years) to have changed in 50 years) were utterly absorbing. The World fa Action specials look set to provide an even more set to provide an even more

when you start to be irritated by the way your own genera-tion rewrites little bits of his-tory which are well within your own memory. In the past week we have been told that "ladles like Joan Bakewell and Joanna Lumley" are "forever labelled "the thinking man's crumpet,"

tion of 1952 and only porrowen
by Macmillan on a single occasion, and with some irony, as
part of a riposte to a heckler
in 1959; it could hardly be
described as a British election
alogan, though it was certainly
used against Macmillan by his

### Tom Jones/Sheffield

#### B. A. Young

to present them. The main events of the book are comfarcical, such as Tom's dis-covery of a native Thwackum at business with Molly Seagrim. at business with Molly Seagrum. At other times, things that may run the risk of being taken seriously are shown at their true worth, with a brief comment from Fielding's own words. The play, adapted and also directed by Andrew Wickes, made me laugh almost continuously.

It begins at the beginning.

And it goes on generously to

What is particularly good traverses the social scale from about this version of Fielding's Jenny Jones to Lady Bellaston, novel is that not only does it nymphomaniacs all, pausing present the characters of the story, but it uses Fielding's to turning Tom's comparatively indocent intimacy into capital indexes.

As he has already been pressed at the Crucible Studio charged with the murder of into three hours. Sometimes Fitzpatrick in a duel, this canthey are straightforwardly not make his situation much worse; and in any case, after a reprieve he is free on both charges, Fitzgerald not having died of his wound and Jenny Jones not having been his

In Russell Craig's set, most of the octagonal stage is covered with earth, and surrounded with washing-lines bearing intimate garments. Beds, carriages and so on slide in on duckboards as needed, and beaches Indian It begins at the beginning.

Mr Allworthy climbs into his and a Jacob's Ladder, leading apparently only from Earth to head — no doubt to recall his dead wife — and under the spare pillow he finds a newborn baby. Its parentage unresolved, despite the ill-natured speculation that finally rests on Jenny Jones, the child soon grows old enough to be taught (and caned) by Thwarkum, to be accused of poaching by Squire Western and to fall in love with Western's daughter, Sophia.

And it goes on generously to Mr Wickes keeps the action

And it goes on generously to the end, with some help from Fielding's other works — some 50 characters (including the cast of Hamlet) taken by seven players, irrespective of sex.

Allworthy (Martin Duncan) is also Western's sister, the might have met the fugitive Tom Master Blifil (Stephen Pimlott, later found in bed with Tom under the name of Mrs Fitzpatrick).

Even Tom Jones himself (Sam Williams) doubles as a post-boy — "etcetern," as the programme writes against every member of the cast — and so does Sophia (Sharon Eva Degen), who makes a comely young lawyer. Anny Tobin imposing the production, which was commissioned by the Crucible Studio, comes off at the end of this week; it is well worth a quick journey to Sheffield (which has poon train service). It is as young lawyer. Anny Tobin intelligent as it is funny. Mr Wickes keeps the action

#### Spotted Dick/Watford

#### Martin Hoyle

Spotted Dick followed Banana Ridge in the Ben Travers occure. Its premiere in August 1939 was overshadowed by grimmer drama, and Travers always blamed the brief wartime closure of the theatres for weakness in farce. career. However, remembering how the real successes, notably by Novello and Rattigan, re-opened to continue their runs,

opened to continue their runs, one suspects that the piece's own weakness is responsible for its absence from the stage for over 2? years. Here we see Travers disregarding the essential of his craft: his characters are simply inconsistent. There is nothing in their improbable behaviour to spark off the ideal over 27 years. Here we see of almost Dickensian ripeness. Travers disregarding the essential of his craft: his characters are simply inconsistent. There is nothing in their improbable ber; but he lacks the swift behaviour to spark off the ideal ping-pong delivery for lines like farcical clash between prossic "Have a third rum do on me and one off!" normality and the slings of put- and pop off!"

secretly hocked valuable jewel-lery with nattily suited Gurney, owner of illegal Mayfair gaming clubs. Now Belle's stepdaughter, accompanied by her beety colonial policeman fiance, claims the family jewels for her wedding. Bells desperately stages a burglary to explain their absence; but her husband, horse-fancying Norton — referred to of course Norton — referred to of course at Norty — has, unknown to her also piedged the lewels for a debt, this time to Belle's brother. Charles Chamberlain Little Dick. The latter has insured them for a sizeable sum; and the not too tangled, but slightly disjointed plot consists of the tussle between smooth operator Gurney, guilty Belle, honorable if ineffectual Charles and raffish Norty for the possession of the jewels by

amateur detective work, "Then keep away from me," replies
Norty fastidiously. Lou Stein's
direction does nothing to
redeem this or to paper over
the cracks in the plot—a fatal The actors are no more suc-

cestful than the production at auggesting a real, or at least consistent, world whose norms can be violated by nightmare absurdity. As the bibulous husband, Christopher Benjamin has a pendulous, lugubrious dignity of almost Dickensian ripenass.

Anthony O'Donnell's Charlie. diminutive and impassioned, is surer in style and even gives some idea of how Robertson Hars, the part's creator, must have exclaimed "Purgatory and pandemonium!" and "The fair name of Dick—spotted!" Otherwise in a parameter if wise the playing is energetic if rudderless, as typified by Paula Wilcox as Belle—one of those important female roles surprisingly rars in farce, the conniv-ingly rars in farce, the conniv-ing woman—who bears the brunt of the director's founder-ing when she enters in a ghastly creation of black and green with brother. Charles Chamberlain
Little Dick. The latter has
insured them for a sizeable
sum; and the not too tangled,
but slightly disjointed plot
consists of the tussle between
smooth operator Gurney, guilty
Belle, honorable if ineffectual
Charles and raffish Norty for
the possession of the jewels by
fair means or foul, with slightly
irrelevant interjections from
the young finness.

The verbal jokes are pretty
awful, even by the standards
of farce. "I've got a strong
scent," cries Charlie doing some

"I water and sact and green with
what appears to be a hat composed of lighted birthday-cake
candles. Morwenna Banks, a
cherished voice from Radio 4's
Radio Active, underlines the
promise unfulfilled by writing
or direction as the pert redhead
Miss Deed and even perter platinum blonde Harlow-lookalike
who arouses gallantry and much
else in little Dick. A real dog
regards the audience with a
mixture of stoicism and pity.

The dog is a real Shizu. The
rest of the play isn't much

#### Coppélia/Sadler's Wells Clement Crisp

There are, I am relieved is southeste verve and temperaport, no snowfiakes in Coppelia. Or mice. As a refuge from the blizzards and rodent infestation currently affecting ballet, Sadler's Wells Royal Ballet is treating us to the delights of Delibes and Galician peasantry in Peter Wright's sunny staging. On Monday night I found there was much to refresh the Nutoracker-jaded soul in the energy of the SWRB performance, in Karen Donavans' ebullient Swaniida, and in the untarnished pleasures of the plot; even after 100 performances and more, the humours of the second act still come fresh—familiarity breeding content, perhaps.

I was bothered by the brisk musical tempi adopted by Barry Wordsworth in the first linear tempi adopted by Barry Wordswo come fresh—familiarity presding content, perhaps.

I was bothered by the brisk
musical tempi adopted by
Barry Wordsworth in the first
act, where a galvanic approach
bustled this adorable centenarian along somewhat unmusical tempi adopted by Barry Wordsworth in the first act, where a galvanic approach bustled this adorable centenarian along somewhat unceremoniously. Swanilda's opening solo is the prettiest of portraits of a young girl of cherm and spirit, and Karen Donovan is delightful in it, but the music's pace made her a hoyden, and the mazurka and czardas established something like a lap-record for the Galician circuit, with ulceties of pose and yielding torsos among the dancers lost in the general dash and flash of the movement.

Miss Donovan, quick in step, joyous in feeling, sailed through the two solos in mercurial style—was matched by a piece of business new to me as hoyden, and the mazurka and czardas established something like a lap-record for the Galician circuit, with ulceties of pose and yielding torsos among the dancers lost in the general dash and flash of the movement.

Miss Donovan, quick in step, joyous in feeling, sailed through the ballet with liveliest assur-

dash and flash of the movement. city, and special mention must Miss Donovan, quick in step. be made of Sandra Madgwick's joyous in feeling, sailed through beautifully shaped account of the ballet with liveliest assurance. She is a Swanida in the dancing as fleet as it was best Royal Ballet traditions of intelligent.

#### Daphne/Munich

#### **Andrew Clark**

Of all the operas by Richard performance under Wolfgang Strauss, Daphne is one of the Sawallisch, who makes margileast performed. Only in nally more of the lyrical and Munich, where the Bavarian State Opera has just presented Haitink in the excellent EMI its sixth new production since the Dreaden premiere under the full canvas of the mature Karl Boehm in 1938, is this "bucolic tragedy in one act" way, is an experience to be consistently championed. The reasured, reasons why no one else is

Arts Guide

reasons why no one else is willing to bear the torch are not hard to define. For all the composer's much-vaunted love of Greek mythology and the streams of heroic lyricism he summons for the two tenors, the opera is really a very complacent achievement.

The evening is short, but makes none of the block-buster assault on the senses as does Elektra. The soprano writing is irreproachable, yet the composition lies much more in the orchestration, and there we find ourselves back in 1911. The tale is too paltry to bear the desired symbolism, and it is hard to feel much enthuslasm for our heroine, who does not want to let either of her two handsome suitors deprive her of the find the surgenists. The tenors—Claes aliure, the tonal purity and sheer vocal versatility the role meeds. The tenors—Claes ahnsjo as Leukippos and Paul Frey as Apollo—acquitted themselves remarkably well.

The staging was by John Cox, whose affinity for Strauss needs no special pleading. But his productions for Glyndehard to feel much enthusiasm for our heroine, who does not want to let either of her two handsome suitors deprive her of handsome suitors deprive her of her virginity.

In performance, therefore, the work needs inspired commitment, which this new production could summon only fiffully. The best of Munich's resources was evident in the minor roles — Kurt Moll and Marjana Lipoviek outstanding as Pencios and Gaea — and in the orchestral whose primitive, risible corporate outstanding as Pencios and Capture of the performance totally stagebound.

whose affinity for Strauss needs no special pleading. But his four movements that moved convictions. The Barraque none-four movements that moved nowhere very far in 20 minutes; and also their precise, authoritative grasp of the aleatoric tensity that some find reward-bourne and Scottish Opera was missing here. The fault seems to lie mainly in the choice of a little known emigre Bulgarian designer, Mihail Tchernaev, whose primitive, risible costumes and prosale decorping the movements that moved convictions. The Barraque none-four movements that moved in the least the very far in 20 minutes; and also their precise, authoritative grasp of the aleatoric tensity that some find reward-bourne and Scottish Opera was missing here. The fault seems to lie mainly in the choice of a little known emigre Bulgarian designer, Mihail Tchernaev, whose primitive, risible costumes and prosale decorping the movements that moved convictions. The Barraque none-four movements that moved in movements that moved in movements that moved in the least of the aleatoric tensity that some find reward-bourne and challeng-main also their precise, authoritative grasp of the aleatoric tensity that some find reward-bourne and that is at the very least to missing here. The fault seems to little known emigre Bulgarian of the tiny Music for string Blach's performance had important to the minor roles—Marek Stachowski, It is not rash to preside the missing here. The fault seems to missing here. The fault seems to mi

#### PLG Young Artists/Purcell Room

#### Dominic Gill

The Park Lane Group's cert, Mattias Feile, was less annual Young Artists and 20th-impressive — well intentioned Century Music series is with us and enthusiastic, but tacking in again—twice nightly all this week at the Purcell Room. The banded. I liked his account of scope is as broad as usual: 35 Janacek's Pohodku — though again—twice nightly all this messa tonally somewhat heavy-week at the Purcell Room. The scope is as broad as usual: 35 Janacek's Pohadka — though young artists chosen at auditions last autumn, present a total of 49 works by 42 composers, including eight the premieres (of which four are special PLC commissions). The Studies of Denison's Three ecial PLC commissions). The Studies or Denisov's Three Pieces to convince us that they beinged in his reperiors: the effect, like that of his Debussy sonata, was genial but non-committal. "featured composer" is Paul Patterson, 40 this year, who has a handful of works scattered The avant-garde writers of the 1960s once hailed Jam Barraque as the saviour of the serial school—and even, by ex-tension, as the aviour of modern music itself. Those days

among the programmas—which are short, but the variety is stimulating. The season is always worth a visit. The first of Monday evening's pair of concerts presented an excellent new ensemble, the Bingham String Quartet, founded four years ago while its members were still students at the RAM. I admired the right and commitment with at the RAM. I admired the vigour and commitment with which they presented Patterson's new string quartet op 58—a spiky, energetic essay in four movements that moved nowhere very far in 20 minutes; and also their precise, authoritative grasp of the aleatoric techniques of Lutoslawski's early (1964) quartet, as well as the microscopic sound-canvas

are past; and Barraque's monu-mental plano sonata proved in time to be no less a stylistic cui de sac than Bouler's ahorter

but similarly monumental second sonata, with which it shares a number of fraternal

### Music/Monday. Opens and Bullet/Tuesday. Theebs/Wednes-day, Exhibitions/Thursday. A selective guide to all the Aris

January 2-8

### Theatre

Les Liebnus Dangereums (Ambassa-dors): Christopher Hampton's mas-terly version of Lactos' epistolary novel is sexy, witty and wise, like a collaboration between Marivanz and de Sade, Howard Davies's sell-out, pro-Resolutionary, production ann or sales, inwant heres sear-out pre-Repolationary production for the RSC has moved from the Pit-with Alan Bickman and Lindsay Duncan still batting and bitching over lovers and other riftraff. (\$36 611, CC 836 1171),

Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her momoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (428 8785, CC 638 8891).

The Planton of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Legour's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson, Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC pable hit. (839 2244, 379 6131/240 7200).

forman in Mind (Vandeville): Alan Ayckbourn's new comedy has a brit-

liant performance by Julia McKen-sie as a dissatisfied housewife visit-ed on her own garden lawn by an imaginary ideal family. Heak but funny, halled in some quarters as

vanguard feminist drams; he not pot off by that, (\$36 9987/5646). Starlight Express (Apollo Victorial:
Andrew Lloyd Webber's rollerskating fully has 19 minutes of Spielberg
movie magic, an exciting first half
and a dwindling reliance on
indiscriminate rushing around. Disneyland, Star Wars and Cats are all
influences. Pastiche score nods tewards rock, country and hot gospel.
No child is known to have asked farhis money back, 6324 6186).

that Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Men-rick's tap-dancing extravaganza has

MEN YORK

Cata (Winter Garden): Still a sellout, Travor Num's production of T.S. El-liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the same of a rather staid and overblown idea of theatricality. (236 6262).

End Street (Majestic): An immediate celebration of the heyday of Broadway in the "Sis incorporates gents from the original film like Shuffle

Off To Battalo with the appropri-stely bresh and leggy hoofing by a large charas line, (971 9020).

A Cherne Line (Simbert): The longust-running musical over in America has not only supported Joseph Pupp's Public Theater for eight years but also updated the musical genra with its backstage story in which the songs are used as audi-tions rather then, constitute.

La Cage sure Pollos (Palace): With some tuneful Jerry Herman songs, Harvey Figestein's adaptation of the Prench film manages, berely, to cap-ture the feel of the sweet and hillar-

The Not Represent (Boofs): The Tony's best play of 1986 won on the strength of its word-of-mouth popu-larity for the two oldsters on Central Park benches who bicker uproac-iously about life past, present and intere, with a family plot to match.

Big Biror (CNell): Roger Miller's nur-sic rescuts this sedentary version of Huck Fing's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by defeult. (266 220).

The Mysicry of Edwin Brood (Imperial): Rapart Holme's Tray whating resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks on ending, (230 0200).

METHEN, AND authorien (in Dutch) written and directed by Alexander Dock: Hashiwazam's Magic Mirror (Tue, mati-nee Wed). (12 38 45).

Prime Boys and Director (Apollo Cen-ter): Pacetious hook at country music and down-home country life with a good best and some memorable songs, especially one played on life-chen utensils has proved to be a dis-puble Chicago hit. (335 6186).

Les Miserables (Opera Home): The American tour that will and up on Broadway early in the new year be-gins in Washington as a celebration of the British musical's leap beyond its American forebessa. Ends Feb. 14 (754) 37300

Saluki (National Theatre) Kanado-hun Chushingtra (The Treasury of Loyal Botainers). Better known as the revenge of the #7 Ronin, the play is besed on an incident in 1702 of samurais' revenge for their mas-ter's death. The story is basically ac-carate and is particularly illuminatcarrie and is particularly fluminating in what it reveals of Japanese loyalty, "nee", farm, obligation, vendetta cic. – norms which still underpin Japanese toristy. This month seet the final in the 2-part series and has star line of Keinle's bastknown actors. English language pro-gramme and excellent excellent guide. National Theatre, near Naga-taseho and major hotels. (265 7411).

taseho and major hotels. (265 7411).

Eshuki (Kabuki-za) Of the various entracts from plays and dances, those featuring famous female impersonatur Tamasaburo Bando should draw the crowds. In the morning performance he dances Kyo Kanoko Missume Dojoji. In the evening O-Matsuri fastival dance he is joined by equally famous actors, Kakugoro and Taisunosuke. Excellent English programme and earphone guide. Kabuki-za, neer Gimza. (541 3)31).

Cate: Revival of the Shibi Company's renowned 1994 production in the special tent theatre. Smellent set, effects, good dancing and Kabuki tricks and movement compensate somewhat for the lack of characters and manufacturities. None sation and genuine vitality. None-theless, worth seeing. Directed by Ketta Asari. (229 4200).

The Water Station, first and best of the trilogy by Shogo Ota which explores aspects of human nature, solitariness, communication by silent theatre. Very pertinent and appropriate to the Japanese, The Water Station has been seen at many venues outside Japan and is a moving and compelling treatment. Performed by Ota's Tenkei Troupe at their base, T2 Studio, converted from a warehouse. The civilizing amenity of a theatre bar, interesting performing space and location and amenny or a meatre par, interesting performing space and location and especially a play without language problems all promise a rewarding evening. To Studio is near Hikawa-dai (Yurakucho Line beyond ikoba-haro). (383 8486).

### Arleen Augér/Wigmore Hall

#### David Murray

It is a little painful to be have welcomed her a long time ago instead of waiting for last year's Opera Stage Alcina. She has been too good to miss for a considerable while now. If the London opera companies are deaf to continental acclaim, they might at least have taken note of her Ariadne at Edinburgh, several years back, which bespoke a considerable artist. She is on my long 30 years' list of first-class singers (Prey, Christa Ludwig and many others) whom the Royal Opera overlooked when it could Opera overlooked when it could still afford them,

Though it was a Liederabend Her Strauss group was as she offered with Dalton enterprising as it was success-Baldwin on Sunday, mentioning ful, with three early, unfamiliar her operatic distinction isn't malapropos, for the recital proved that character and situation bring out the best of her. The voice is even, ample and lovely, and she knows how to lovely, and sne knows now to scale it to a hall; scaled down for the Wigmore, it was inclined to sound whitish in the upper half of her register, but no less to Baldwin than to upper half of her register, but no less to Baldwin than to upper half of her register, but no less to Baldwin than to upper half of her register, but no less to Baldwin than to upper half of her register, but no less to Baldwin than to upper half of the wind over a wide expressive range (including a richly felt "Liebst du Schönheit" as encore). A full in Strauss and Mahler,

In Mozart, Miss Augér was welcoming Miss Auger so late:
not that she is past her soprano
prime—on the contrary, she is
beautifully in the middle of it—
but because London should
have welcomed her a long time
ago instead of waiting for last
dependent upon singers who but the postwar rediscovery of Mozart's modest songs has dependent upon singers who knew how to make the words tell (Schwarzkopf, Seefried). and Auger is too polite to do that, even in the comically flerce scena of Luise burning her lover's letters. She was her lovers letters. She was happily freer in Schubert: a nice air of send-up for the silly "Butterfly" song, an arrestingly floated "Nacht und Träume", full identification with "Gretchen am Spinnrade" (honestly operatic). By then it was plain that we were hearing a strong, individual artist.

ful with three early, unfamiliar songs on flower-metaphors delivered tenderly and elegantly before the old standards "Freundliche Vision" (which she made remarkably unmawkish) and "Herr Lenz" (bracingly brisk instead of winsome). All the Mahler, thanks no less in Baldwin than to partner as the evening went on:
too business-like and dry in
Mozart and some of the
Mozart and some of the
Schubert, but alertly involved she must at least be a regular

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Wednesday January 7 1987

### **Reagan picks** his ground

proposals are open to what have become the routine economic objections: the growth projections look optimistic, and the deficit projection too modest, as in every year but one since he took office. Politically, however. the package looks thoroughly astute. It is designed to offer the Democratic majorities in both houses a range of uppalatable choices, and incidentally to increase the existing pressure on the EEC and Japan to reduce their agricultural protection. It may well succeed in embarrassing all those whom an embattled President wishes to embarrass, but it carries a high risk: it could push both the Con-gress and America's trading

a trade war. The over-optimism is not so glaring as in some earlier years, and it probably does not matter so much. The \$108bn deficit shown for fiscal 1988 is not so much a serious economic fore cast as a constitutional necessity under the Gramm-Rudman amendment. What is clear is that any remotely plausible attempt to budget for such a reduction will involve a sharp tightening of fiscal policy, and the President's proposed spending cuts certainly merit this descrip-tion. The modest programme of privatisation which is included will offer no more than a marginal relief.

#### Biggest test

The biggest immediate test of the plan is its reception not on Capitol Hill, but in the financial markets. If foreign investors are impressed by US determination to start the long crawl back to balance, it will have achieved its most pressing which the construction of the construction. objective — to keep open the possibility of a soft landing. If possibility of a sort landing. If not, the long-projected dollar crisis could become a reality; and in a crisis seither the sustained growth nor the falling trend of interest rates on which the projections hinge could be achieved.

Fortunately Congress is well aware of the dangers of a crisis of confidence, and there is every reason to believe that whatever budget is finally agreed, some

tion will be genuinely aimed at deficit reduction. If the Democrats are determined to protect social and education programmes from the proposed cuts, or at least from the worst of them, they will fill the gap with defence cuts and, no doubt, with revenue-raising proposels. This is of course what the President has planned: armed strength and low taxes make excellent election issues, as the It is easy to feel sorry for the Democrats. A president follows policies which produce a financial crisis, loses control of the legislature towards the end of his term of office, and tries to turn his defeat to advantage by saddling his opponents with the nasty choices. Houding might have taken Mr Reagan's correspondence course, and his opponents have every right to feel extremely angry.

However, there is one escape route open to them, and for all its visible dangers they may be sorely tempted to take port tax is already under discussion as a possible revenue raiser; and the President's own proposals for tariffs against some European food and beverage exports points the way to further sources of revenue. It is unlikely that anything so blatant—and so relatively harmless—as President Nixon's liggest test general import surcharge will be proposed. The Democrats are anxious not to be labelled as protectionist. However, re-taliation sounds altogether more respectable, especially when the Budget plans a drastic cut in farm subsidies.

By far the most constructive way to head off this danger is to pre-empt it. Europe and Japan should make urgent and highly visible efforts to meet legitimate complaints against their trade practices; and they should also be planning early steps for co-operation in economic policy, acting to expand demand to offset the US contraction. The more they are detailed to what the Administration. can do to make the Administration's quite moderate growth projections come true, the less the danger of either a dollar

### War fatigue in Afghanistan

THE VISIT to Kabul of the ence than those of either Presi-Soviet foreign minister, Mr dent Daoud or King Zaher Eduard Shevardnadze, and the Sheh. Communist Party secretary for international affairs, Mr Anatoly Dobrynin, has heightened international interest in the peace initiative launched last week by the Afghan Communist Party leader, Mr Najibullah, when he appropriated a six month. when he announced a six-month ceasefire to start on January 15.

Dobrynin are, somewhat sur-prisingly, the most senior Soviet officials to have visited Afghaniofficials to have visited Afghanistan in the seven years Soviet troops have been occupying the country — indeed, since the original Communist seizure of power in April 1978. Their visit is a bold gesture very much in the Gorbachev style—all the more so when one remembers that the last Soviet VIP to visit Kabul, in September, was narrowly missed by a large car bomb.

The precise purpose of the visit has yet to be explained, but an important part of it may already have been achieved may aiready have been athreved simply by making the world sit up and take notice. Mr Najibullah by himself has very little international credibility. His ceasefire announcement had Als ceasefire announcement had not attracted great interest, especially as he scarcely mentioned the presence in Afghanistan of some 115,000 Soviet troops, which the rest of the world regards as the heart of the Afghan problem.

There are because a least of the least of the Afghan problem.

There are, however, plenty of indications that Mr Gorbachev is taking a close personal interest in the issue. Even some western diplomats are now convinced that he would genuinely like to get his troops out, if only he could do so on acceptable terms.

#### Soviet diplomacy

Soviet diplomacy

That, of course, begs the question. Up to now it has been axiomatic that terms acceptable to the Russians would inevitably be unacceptable to everyone else involved. Whether or not the original Communist coup was willed by Moscow, and however satisfactory the stotus quo onte (with Afghanistan non-aligned but duly respectful of its superpower neighbour) might have been at the time, it could not now be restored. Moscow could not tolerate the loss of prestige involved in a reversal of the "Saur revolution" which had set Afghanistan on the road to socialism, especially as the overthrow of the Communist regime and other sophisticated anti-aircraft weapons they are now receiving, they are at last beginning to make a dent on the Soviet mined to press their advantage. Morally, their position is strong. Politically, it is weakened by the fatigue of their Pakistani hackers, who seem to be edging towards an agreement with the Kabul regime at the next session of "proximity talks," due to open in Geneva on February 11. On the crucial issue of a Soviet withdrawal timetable, Pakistan is now speaking of "a year or less," while Soviet and Afghan Communist sources are talking in private of "two years." The gap does not seem unbridge-able, and the mujahidin need to be careful not to let them-bitterly hostile to Soviet influ-

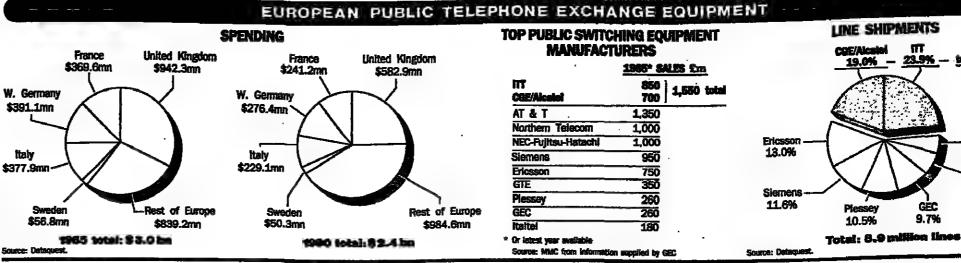
its troops, was one that only the continued presence of the troops could maintain in power; and the only stratagem Soviet diplomacy could come up with to square this circle was to Mr Shevardnadze and Mr She Pakistan, the country in which the main resistance movements are based, must recognise the regime in Kabul and undertake to respect its sovereignty. America, the principal source of weapons for the resistance, must accept and guarantee the settlement.
Thus, if the regime in Rabul

collapsed after Soviet with-drawal (as most observers assume it would), that would in itself be proof that others had failed to fulfil their obligations, and so legitimise a Soviet

#### Is Mr Gorbachev offering any

Is Mr Gorbachev offering anything better than that now? It is not at all clear that he can because his peace initiative still requires the co-operation of the Afghan resistance or at least a significant part of it. So far, Mr Najibullah's overtures have been rudely spurned by the resistance leaders, who see them as evidence that, with the Stinger missiles and other Stinger missiles and other sophisticated anti-aircraft

In other words, the kind of regime Moscow needed to leave in place, if it withdrew



### It looks like a turning point

The CGE-ITT deal

By Terry Dodsworth, Industrial Editor

EW COMPANIES have come into the world with as much riding on their future as the new telecommunications group being launched in a blaze of publicity in Brussels this week.

It has taken six months of intensive negotiations to bring together the telephone interests of Compagnie Generale d'Elec-tricite (CGE), the French stateowned electrical group, and ITT of the US. But well before the dust settled on the dealmaking, the shockwaves released by the agreement had begun to shake up the cosy old pattern of world

The reason for the ballyhoo over the deal is that it represents by far the most daring attempt to date to form a new manufacturing alliance capable of attacking global markets—a European-based, French-led company with the potential to face the Americans and Japanese on their own terms. The only remotely comparable deal was Philips's 1983 link up with American Telephone and Telegraph (AT&T).

Telegraph (AT&T).

Up to now, most producers of public telephone exchange equipment have worked largely within the constraints of national boundaries. The new company, by contrast, will have a substantial foothold in several European countries, marrying CGE's French base with the much broader regional presence of ITT, notably in West

As a result of this geo-graphical spread, the joint ven-ture has positioned itself to ture has positioned itself to emerge as one of the frontrunners in the public telephone exchange equipment industry for the forseeable future. With total sales of \$9 on, it will measure alongside AT&T in terms of overall telecommunications manufacturing, and will be about as large as the American group in the public exchange business, where AT&T zchange business, whe is just beginning to fier its muscles in world markets. With

tive single unit, the French group's expansionary strategy is one that has won broad commendation in the industry.
Equipment manufacturers Equipment throughout the world are under enormous pressure today to fashion similar alliances, for a number of reasons.

First, the escalation in the cost of the technology involved in the development of the new generation of digital switches has sliced deeply into the in-dustry's profit margins. ITT alone has splashed out around \$1bn on its System 12 switch a product which even after all this investment is still widely

Companies need to recapture this expenditure during the next 10 years, when the service monopolies are changing the telephone system over to digital switching. But even in this period they are having to spend heavily to adapt their switches for the growing range of applications being demanded from the telephone system, to from the telephone system, to say nothing of putting aside cash for the next generation of switches. Mr Edward Mier, the UK director of Dataquest, the market research company, says that manufacturers could be spending up to \$200m a year just to keep their products up to date.

"In order to offset these costs, companies are being forced to seek out new customers," says Mr Henry Ergas, an economist at the OECD in Paris. "That means that they have to try to break into markets that have previously been controlled by local Second is the problem of

overcapacity. As exchanges have moved from mechanical to electronic methods, the emphasis in production has shifted from the manufacturment of software. At the same time, the number of exchanges muscles in world markets. With over 40 per cent of the market, it will dwarf its main competitors in Western Europe, as the chart shows.

Although there are substantial doubts about CGE's ability to weld such different companies together into an effective over the number of exchanges is being cut radically because of the extra power of the new computerised switches. With these new constraints on manufacturing capacity, producers are under pressure to find partners and additional markets in order to maintain volumes.

and fund investment in soft- tually any sort of equipment, ware design. "I would estimate that about "I would estimate that about half the manufacturing capacity necessary for the last generation of switching equipment is now redundant," says Mr Mier. "Even adding back the extra software personnel in the delivered in the delivered of dist involved in the design of digi-tal products, about 25 per cent of the employment in the industry will probably be shaken out over the next few

The third factor is deregula-tion. This is probably the most tricky question facing the equipment manufacturers since it is impossible to say how quickly the liberalisation of markets will proceed.
In the US, for example, foreign telecommunications

suppliers are free to sell vir-

putting pressure on domestic manufacturers to maintain manufacturers to maintain volume by looking for customers overseas; in Europe, only a few producers, notably in the UK, are under this sort of attack in their home markets, because European countries are still generally maintaining a traditional industrial struc-ture in which national equipment suppliers are supported by the monopoly service

utility. Many industrialists believe that it will take some years to that it will take some years to break down the rigidly-con-trolled markets of Western Europe, so that local companies should have a degree of respite from new competition for some time. But how long this period of stability might be—and the

nology investment.

backlash from national interests
which may well try to defend
local producers. Can an essencially French group, as Mr Ergas
puts it, "push through rendundancies in ITT's former manufacturing facilities in Germany
and Italy?" And might not such

a company run into a blockade

CGE's response to these

ing to strike a pre-emptive marketing blow before it is exposed to competition in its own home base. And it has thrown its hat in with the grow-

from the local monopoly pur-

#### THE MAIN ALLIANCES · · ·

ONE OF Europe's leading telecommunications manufac-turers is said to be predicting that by the end of this century there will only be four pre-ducers of public telephone exchange equipment left in the world—one in the US, one in Japan, and two in Western Europe. Some lists are a little

Some lists are a little longer, and the names of the survivors vary widely. But the consensus points to a radical shrinkage through mergers and alliances from the ten er so mainline companies of

In addition to CGE-ITT, the main links fermed or under discussion so far are: • AT&T of the US and Philips of the Netherlands. This is a marriage of AT&Ts switch technology with Philips' European marketing know-how, following a virtual withdrawal of the Dutch company from the switch business on its own account. Switching equipment is already being installed in the Netherlands, but the key target is France.

Slemens of West Germany and GTE of the US. Through linking up with GTE, the third-largest public switch manufacturer in the US, and

a company which once had ambitious for expansion in Europe, Siemens is aiming to consolidate its foothold in America. The initial agreement between the two companies has given the Georges. ment between the two companies has given the German esumany access to significant GTE markets in Belgium and Italy. Analysis expect the two companies eventually to reach an agreement for Siemens to absorb the US group's American switching business.

W GEC and Pleasey of the UK. GEC's bid for Pleasey last year would have brought together the telecommunicatogether the telecommunica-tions netivities of the two electronics groups. Aithough this deal was scotched by the Mosopolies Commission, the two companies make the same digital switch (System. X) but merger negotiations are stalled at the present moment.

moment.

• Italial and Telettra of Italy. Negotiations to bring together the transmission business of Telettra (part of Fixt) and the switching interests of Italial, the dominant Italian supplier, are expected to be followed by links with a foreign producer to bring in more up-to-date technology.

estimates vary from five to 30 ing domain—an area which still years—is anyone's guess, since accounts for about one-third of the forces of change and conservatism are finely balanced 18 per cent of the US. in the most important markets The way in which these of France and West Germany. On the one hand, says the economically-dictated alliances are beginning to impinge on

liberals, the deregualtion pro-cess will continue because the the regulatory regime in Europe—possibly reinforcing the process of liberalisation national telephone utilities are being driven to demand more has recently been demonstrated competitive performance from their suppliers because they are in a vociferous trade wrangle which has arisen directly from the CGE-ITT deal. The ink was hardly dry on the initial under similar pressure from their own customers. On the other hand, there are outline contract between the two companies last summer before the West Germans were considerable pressures for maintaining the status quo. Most of the big national telephone utilities in Western Europe are noted for their consecution. demanding a slice of the French market for Siemens in return for the chunk of German sales servatism. Maintaining local exchange equipment manufac-turers is often regarded as a national imperative, both to probeing captured by CGE. This attempt to trade market

shares has run headlong into American resistance, largely because the US authorities claimed that AT & T had a verbal agreement to take over tect jobs and foster high tech-Historically, equipment sup-pliers have been regarded as the quintessence of national the French company which Sie mens is now pursuing. American officials have not disguised champions, supposed out of a sense of national duty. Given these reactionary influences, some analysis argue that CGE should not have chosen today to embark on a risk mertheir irritation over the dimculties US manufacturers are finding in penetrating oversess markets at a time when the deficit in telecommunications They argue that the new joint company will be faced with a massive management and techof about \$1bn, largely because it has deregulated its market. They are now threatening to block some Siemens sales in nical problem in merging its activities and could be exposing itself to the risk of a political backlash from national interests

It is not clear as yet whether the angry noises emanating from Washington are anything more than sabre rattling. Never-theless, the US threats have highlighted a problem which is clearly not going to disappear. Indeed, many experts believe that the American attitude will help to quicken the pace of deregulation and open up trade questions is parity strategic and in telecommunications more parity economic. By entering swiftly than would otherwise the US represents such a large proportion of the world markets that its demands for reciprocity will have to be met. In that sense, the CGE-ITT

the US unless it backs off in

ing number of manufacturers agreement may well be seen as (see panel) which have concluded that alliances are the children of the world's telecommunications industry into an era of ally viable in the public switch-

There are tax losses and tax There are tax losses and tax losses, but Allen Paulson must have some pretty handsome gains somewhere to sell out of Wheeling-Pittsburgh for tax ressons. Paulson started buying into the Pennsylvania steelmaker in 1983 and paid about \$50m for his 34 per cent stake. A long strike, bankruptcy proceedings and a boardroom coup by Paulson later, he has just announced he has sold the whole lot to a friend. Lloyd whole lot to a friend, Lloyd Lubensky, Even if he had received the market price, and he did not, his stake would he did not, his stake would have been worth just \$13.5m. That is fine for Paulson: "I had a large capital gain income last year and the only way to offset it was to sell the stock and realise a capital loss." Paulson tends to deal in big numbers. An lowa farm boy who later became a TWA mechanic, Paulson made one fortune when he bought Grummans unprofitable corporate aircraft division for \$52m in 1978. He renamed it Gulfstream, built it up and sold it to Chrysler for a personal take

to Chrysler for a personal take of \$455m. He once bid \$8m for a son of Northern Dancer. for a son of Northern Dancer, the greatest and most expensive sire of thoroughbred racehorses. Even after the disappointment with Wheeling-Pittsburgh, some people think he is still hungry to buy businesses.

#### Promenaders

Social Democrats may dally in Torquay. Liberals have tried the waters at Harrogate. Both Labour and the Conservatives have sampled the genteel delights of Bournemouth. But the trade unions' favourite town remains as it ever was--Black-

round-up conducted by the TUC and due to be published this week in the latest issue of the TUC's Bulletin (the journal it has started producing for union activists to help try to bridge the gap between different levels of the trade union movement). phrase "Zukunft durch Leis-The Bulletin lists in full all tung" (A future with achieve-

#### **Men and Matters**

the forthcoming union seaside think-ins in the coming year. No fewer than 19 will be held in Blackpool — 17 individual union conferences, and two from the TUC — its women's conference, and the 119th annual Trade Union Congress itself.
Not only is this far in exces

of normal years, but the total easily outstrips its rivals. No other town has more than half a dozen union gatherings, with the runners up to Blackpool including Scarborough and Bournemouth. Brighton, Blackpool's traditional rival, has all but dropped out of the running.

#### Bill bored

the West German election campaign has just entered its final three weeks. But the election posters on view hardly seem likely to inspire voters to rush to the polls.

On the last lap of its campaign, the opposition Social Democratic Party (SPD) is spending nearly DM 10m on posters, but has failed to find any original message. The party's posters, apart from

any original message. The party's posters, apart from wishing voters a happy New Year, are emblazoned with the sonorous slogan: "Deutschland trauch wieder einen Kenzler, dem man vertrauen kann" (Germany needs a Chancellor we can trust)

we can trust).

Chancellor Helmut Kohl's conservative Christian Democratic Union (CDU) party has been even more liberal with its delignts of Bohrnemouth. But the trade unions' favourite town remains as it ever was—Black-pool.

That is the finding of a round-up conducted by the TUC one bill; another announces with Teutonic solemnity: "Ent-scheidung fur Deutschland" (Decision time for Germany). As for the liberal Free Democrats (FDP), they have staked their campaign on the phrase "Zukunft durch Leis-



Untapped market reading a recent report.

The consumer magazine
Which? investigated, and concluded that nearly a quarter of
the population may be drinking

sub-standard water—that is, water below minimum EEC standards.

A small private company,
Leisure Care Products, of
Cowes, Isle of Wight, believes
it has the answer and is setting out to create a new market in domestic water purification.
It has designed a cheap unit

"He didn't actually refuse a

ment). The anti-nuclear Greens party decided to spend very little on posters. With such a lack of creative talent visible among the efforts of the main parties, this could be a clever move to boost their election

British teetotallers who have been accustomed to singing virtuously "my drink is water bright" might be forgiven if the find life safer on gin after

which can be bought and in-stalled in the domestic water supply for under £100. From then on the household can enjoy clean, purified water just as long as someone remembers to drop in a new filter cartridge once a year. Managing director Colin Vinyard says he expects to have his household water purifier on the market by the

Vinyard came into water purification the hard way. Some 10 years ago a holiday in France on the family boat was made uncomfortable by tainted water in the tank. He decided to tackle the problem commercially, and has since built up a business with a turnover moving towards £500,000 a year, in anothers for cleaning and in products for cleaning and purifying marine and caravan water systems.

He foresees the domestic market now opening up as "many, many times bigger." It is, he says, without excusing the pun, "untapped."

#### In the family

John Wolff was probably born to take office at the London Metal Exchange. In 1866, his great-grandfather Rudolf Wolff established the metal company which still bears his name, and was one of the traders who founded the LME in 1877. His great-uncle and his father were both chairmen of the LME committee and members of its board. Now John Wolff has been appointed to the same two

He takes office in difficult times for the exchange, which is struggling to sort out its affairs in the wake of the tin arrairs in the wate of the tin crisis and Government demands for regulatory reform in the City. Wolff, 46, has been involved in these issues for some time, chairing an LME sub-committee which is drawsub-committee which is drawing up a new management structure for the exchange.

But he sees his main role as "raising confidence in the LME." — "The world needs a metal market. And there is no better place for it to be than London," he says.

Observer

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James 7 195

platform at Garloand Station bisects a subterranean cellar of deathly gloom, populated by ragged, shuffling, toothless old men who should be en route to work here," shrugs the promunal elections will not solve the earthquake.

The little aight many factors anything. Since 1973, election More typical of the city anything. Since 1973, election more typical of the city neglection anything.

you have been escalatored up sioner until early communal to the station's modern concluse and emerged blinking unassuming man is the sixth into Piazza Garibaldi. Gazing up at the statue of the nation's to run Naples since the war.

Metallical mass a special communal communal to the station in May. This quiet, course and emerged blinking unassuming man is the sixth into Piazza Garibaldi. Gazing up at the local commissioner appointed at the statue of the local continuous communal to the local communal to the station's modern conclusions in May. This quiet, course and emerged blinking unassuming man is the sixth into Piazza Garibaldi. Gazing up the local communal to the station's modern conclusions in May. This quiet, course and emerged blinking unassuming man is the sixth into Piazza Garibaldi. Gazing up the local commissioner appointed at the statue of the nation's to run Naples since the war.

at the statue of the nation's most romantic hero, you wonder if a sculpted beggar ought not to be occupying the plinth. He would, after all, be a far more appropriate symbol of the city's failure to realise Garibaldi's hopes of prosperity and greatness.

For Naples seems caught in a beggar's posture, with large sections of its 1.3m people imprisoned in a welfare mentality, conditioned by decades of exceedingly liberal payments from the state. Just how much cash the city has absorbed from the £40bm (at 1982 prices) which Italian governments have poured into the Mezzogiorno over the last 40 years is anyone's guess. It has certainly taken the lion's share of the province of Gampania over the last 10 years.

Professor Mariano d'Antonio, academic, journalist and authority funds, Mr Vitiello is province of Gampania over the last 10 years.

Professor Mariano d'Antonio, academic, journalist and authority funds, academic, journalist and authority funds academic academic, journalist and authority funds academic academ

Professor Mariano d'Antonio, academic, journalist and authacademic, journalist and authority on his native city, reckons that, in the last six years alone, happened that, in the last six years alone, happened to the first last for urban renewal, industrial modernisation and reconstruction after the damage to its crumbling fabric caused by the 1980 earthquake.

And is all the tayneyers.

And is all the taxpayers' and is all the taxpayers' money employed for its designated purposes? "No, I would guess that around 20 per cent by its z is diverted," says the professor.

Al 1: Diverted into schemes such taxpayers as fraudulent co-operatives for employing ex-prisoners, which a tream absorbed \$150m before the hard architects, one a Christian Democrat councillor, the other

behind bars. behind bars.

So why does not the available strength of public funds have more impact on the squalid and polluted environment, on the paralysed city-centre traffic, on the overcrowding in urban tensments and on the ublquitious crime?

Because government does not

# "A THIRD WORLD city without a European quarter," is perhaps the cruellest aphorisms applied to Naples—once the fourth city of Europe, a centre for art and architecture and vital capital of a ramshackle Bourbon kingdom. But sterpping down from the early-morning Rome-Naples express, you begin to wonder if the judgment is not a little harsh on the Third World. The platform at Garibaldi Station bisects a subterranean cellar of deathly gloom, populated by ragged, shuffling, toothless old The family, suppless the Camorra is the durability of the Camorra is the absence of change in Neapolitan social values and behaviour. Naples' population growth over the last 20 years has been double the national average. The family, says Censis, remains much more the centre of social organisation than in other cities and it is apparently impervious to modern grban values, which put a preminum on effective levels of service and public administration.

The image remains long after drafted in as a special commis-

is the source of most local suthority funds, Mr Vitiello is vite him to agree that some of urging Rome to take responsibility for the debts and he is confident that it will.

On past experience, the comments of agencies set up after

film, but instead are frozen, open-handed, in the pose of one of Naples' oldest professions: the beggar.

The embodiment of governation after election has failed to yield ment in Naples is Mr Sergio a coalition for Naples able to command a stable majority.

The image remains long after drafted in an area of the porthern town of Vercelli, who has been drafted in an area of the porthern town of Vercelli, who has been drafted in an area of the porthern town of Vercelli, who has been drafted in an area of the post of the porthern town of Vercelli, who has been drafted in an area of the post of the post

who was mayor for two years until last autumn, blames it all on rivalry between the Christian Democrats and the Communists, and the regular appearance of an unusually strong neo-Fascist (MSI) representation on the site course. sentation on the city council.
"About 25 per cent of votes
oscillate in protest between the
Communists and the MSI," says Mr d'Amato, whose readiness to place responsibility for the city's problems elsewhere, including on the voters, would seem to be the characteristic shared by all Neapolitan politicians.

clans.

However, he also does the signal service of stressing some positive developments: £3.5bn being spent on houses, roads, motorways and schools on the periphery of the city. But so strong is the rheturical flood, that it proves impossible to invite him to agree that some of these improvements have not

government's performance is the £90m loan for the construction of underground car parks, upon which the Naples commune has long been paying interest, but for which it has omitted to appoint a developer. Then there has been the pur-chase of a feet of 60 buses, many of which are unusable because they are too large for

Neither are critics forgetting the story of tunnelling for the city's underground realway. city's underground reliway, which has only progressed a few hundred metres in nine years because the council has never managed to approve changes, required by geological conditions, in the routes originally planned.

It is little wonder that a study by the private research organisation, Censis, revealed a couple of years are that only 5 per cent

commune was an effective pro-tector of their interests. It is no more surprising that, despite increased efforts, the police have not quelled the activities of the Camorra, Naples' version of the Mafia.



A scrap dealer in the black market area of Naple

Is Naples thus locked into a permanent warp of relative deprivation, social degradation and corruption? Should not the Italian Government, now trumpeting the country's status as the world's fifth industrial power, feel the weight of the city on its conscience?

The huge financial alloca-tions are regarded in Rome as evidence enough of the commitment at national level. Interven-tions, however, must respect the regional autonomy and identity guaranteed by the Italian con-stitution and so, in the end. Naples must turn itself around.

More optimistically, Professor d'Antonio detects the emer-gence in Naples of an alliance gence in Naples of an alliance of intellectuals and concerned middle class people, which is becoming more politically involved and, he believes, capable of raising political standards.

Some encouragement is being drawn from an initiative launched by the local branch of Confindustria, the employers' organisation. Discussion at a widely publicised seminar in mid-December reflected a new Italian consensus which seeks to harness the Mezzogiorno's indigenous potential for growth, rather than relying upon yet more state-financed industrial

Signs that businessmen are signs that businessmen are searching for a partnership with the state in aid of local development are seen as—possibly encouraging—evidence that they may be moving away from a passive dependence on government investment, which many believe has robbed the city of entrepreneurial dynamism.

But the employers' recipe for revival—the reconstruction and development of Naples "historic centre"—would still require £10bn and a credible and uncounty administration to manage the process.

It would also need sustained commitment—which is not it

It would also need sustained commitment—which is not, it seems, a Neapolitan quality. Mr Gateano Cola a, vice-president of the city's Unione Industrials, offered this candid insight:
"Many times, people come to my house and we sort out how to solve the city's problems. We have a marvellous evening, everybody agrees on the need to act and then they go away and do nothing." UK HIGHER EDUCATION

### A time to think radical thoughts

By John Ashworth

THIS IS going to be a good year to graduate from British nature of the degree courses on universities and polytechnics. offer. Universities in England All the signs are that the shortage of graduates, already honours degrees, in Scotland chronic in some areas such as they take four years. Somesoftware and electronic engineering is going to get worse. Graduate unemployment (already low at 7.2 per cent in 1985 for the university graduate) is going down; starting relief of the contract of the contr

graduate) is going down; starting salaries (even for those with arts degrees) are going up.

Not surprisingly, employers, when asked, demand more graduates—the CBI says 4 per cent per annum more compounded into the 1990s. Even Mr Kenneth Baker, Secretary of State for Education, seems to have heard the calls, although he is not yet prepared to contemplate expansion on anything like the scale that the CBI says like the scale that the CBI says

Close attention to what close attention to what employers say they need reveals a more complex picture, though. Senior industrialists, such as Sir Denis Rooke, the chairman of British Gas, speaking at the British Association meeting this Sentember that it call for more September, tend to call for more "science and technology; problem-solving skills; enterprise and creativity; teamwork and communications," whereas

their juniors, desperate to fill specific vacancies, place adver-tisements for "blochemist with knowledge of tropical ento-mology" and complain that

I share the worries of Sir Denis about the nature of graduates and the CBF's worries about their numbers. As a tar-payer, I also share Mr Baker's concerns about the numbers. concerns about the probable cost of any significant

cost of any significant expansion.

Clearly the universities, in particular, are going to find it difficult, within what Mr Baker would regard as an acceptable cost, to fulfil the demands for more graduates with general skills, while keeping up the number and quality of those with specialist skills, Nevertheless, I believe that we should rise to the challenge. Indeed, such is the critical shorage of skilled employees that I believe we must.

usually the so-called techno-logical universities—intercalate the equivalent of a year's supervised training for some, predominantly science and engineering, degrees.

By international standards, this is both a narrow product range and a rapid student throughput British universities claim—and I think deserve credit for the rapidity of the throughput and their consequen-tial efficiency, but I believe they should seriously consider widen-ing their product range.

In a study funded by the Leverhulme Foundation a few years ago, there was much discussion of the possibility of moving away from the present procrustean bed of the standard three-year British honours degree towards something more florible.

I would like to see universities and other higher education institutions offering two-year general degrees to school-leavers that spanned more than one or two academic subjects, such degree courses would then be followed by intensive and job-specific training.

Future research scholars would need a further two-year honours degree and so

would need a further two-year honours degree and so would chartered engineers, although I imagine that most industries would like many of their engineers to have at least a year's industrial experience between the general and the honours degree.

Sudents wishing to enter the Students wishing to enter the other professions—law, architecture, accountancy, medicine and so on—would also need a further one, two or perhaps even more years to reach

This leads me to question the higher education entrants, ature of the degree courses on which I would wish to see, ffer. Universities in England would leave full-time higher

This would greatly ease the financial problems associate; with the 30 per cent expansion in student numbers needed to come near to meeting the CBI's target. Indeed, arithmetically, if all those currently doing three year honours degrees at the state's expense were to do a two-year general degree in-stead, the money liberated would be sufficient to expand the total number by at least

30 per cent.
Of course, the problem would Of course, the problem would then become one of financing the two-year honours degree courses and one solution to that might be to expect the potential employers of such graduates to provide the necessary scholarships—the National Health Service to provide for doctors, industrial companies for engineers, local authorities for teachers and social workers, the research councils for research scientists and so on.

I assume one could expect future accountants and lawyers to take out personal loans.
One great advantage of such

One great advantage of such schemes would be to place the burden of financing higher education on budgets other than, or rather in addition to, that of the Department of Education.

Education.

What I am proposing is therefore, a reorganisation of higher education so that the present three-year honours degree is replaced by a two-year general degree, available to far more than presently take an honours degree, and a new two-year honours degree, and a new two-year honours degree that would be taken by fewer than at present take an honours degree.

degree.

If Mr Baker is serious about wishing to widen access to higher education in general and the universities in particu-lar, and if employers are serious about their desire for more graduates with the kind of skills Sir Denis Rooks men-tioned, it is time some of us But, for many, the general degree would just be followed by the in-company and highly specific vocational training. I were encouraged to begin between a quarter and a half of the expanded number of the University of Selfors.

#### Policing the City From Professor Hugh

Stepheneon
Sir,—Your timely leader on (January 3); noting that the current inquiry into Guinness was triggered by a tip-off from the US, commented that this was "a point which needs to be carefully noted by the authorities in Britain." You did not elaborate, but that

parenthetic remark goes to the heart of something that both Whitehall and the City are deeply rejuctant to face.

In the run-up to Big Bang all the emphasis was placed on the pre-eminent importance of "self-regulation," on Self-Regulatory Organisations and on the Securities and Investments Board as the apex of the new system. Yet every City story that has made it to the front pages ever since Big Bang has involved either the DTI or the Takeover Panel, DTI or the Takeover Panel, neither of which will be any part of the SIB even when it is eventually up and running. The point to be drawn is that the City — for better and for worse — is no longer a ciub. It is a financial services industry operating in a very tough competitive climate; where the numbers are now very big; where some will make it and others will go to the wall.

In these circumstances, a self-regulatory system will not be able to bear the weight of policing the City. To the maxipolicing the City. To the maximum possible extent it should still run it, because self-regulators understand the business. But the policing and prosecuting function needs to be clearly established outside the system. De fucto this policing function now rests with the DTL As your leader correctly implied, however, the Department is neither suited to, nor equipped for, the role, Had it not been for the tip-off from the SEC in Washington, there would almost certainly have been no Guinness inquiry. What been no Guinness inquiry. What is required is a proper recognition of the need for some form of a publicly accountable. SEC in London modified by all means to take account of British law, constitution, history and practice. What can be predicted with complete certainty otherwise is that the regulatory system being brought in under the Financial Services Act - with the SIB pretending to run a comprehensive system of self-regulation and the DTI exercising Star Chamber powers of investigation whenever it gets a tip-off—will not stand the strain

137%

internation

### Letters to the Editor

some as a significant advance for consumer protection. Evi-dence in favour of this has been dence in favour of this has been cited, to the effect that the "Polarisation" provisions of the Act will clearly identify whether a salesman selling life insurance has any particular insurance company or whether he is totally independent; to use the new parlance; he must be either a company representative or any a company representative or an authorised independent inter-

mediary. A very disturbing develop-ment has come to light as a ment has come to light as a result of answers to questions posed to leading members of the insurance industry. It appears that life insurance companies are seriously considering setting up their own brokerages to enable "tied" salesmen to effect business with companies other than the ones to which they are "tied." This would totally blur the distinction between company representabetween company representa-tive and authorised independent intermediary as the former would still be able to intimate to his client that he can act in a quasi independent manner despite the fact that he is acting for one company who pays many of his expenses and obviously induces him to place

the vast propotion of his busi-ness with them. If this activity is permitted rustrated.
Sir Kenneth Berril and others with influence should do everything possible to stop this loophole now.

James A. Adley.

64, Gordon Avenue, Stanmore, Middleser. Grenada's

progress

ment, as "socialist" parties. Such terminology does a grave disservice to true democratic socialists, for Mr Radix and his comrades in the defunct People's Revolutionary Government of Grenada made it quite obvious Grenada made it quite obvious that they were Marxist-Leninist advocates of a one-party dictatorship. As early as spring 1984, the NJM leadership had decided "in theory and in principle that we should build a Leninist party." Last March, George Louison, MBPM deputy chairman, was a delegate to the Communist Party of the Soviet Union's 27th Congress in Moscow. Mr Louison's speech to the congress conveyed "most

Moscow. Mr Louison's speech to the congress conveyed "most ardent combat greetings from Grenadian revolutionaries and patriots and most sincere expressions of gratitude for your support and solidarity both in the past and in the present." Louison ended his remarks by stating that "we, like all the world's oppressed recorder are travelling the same peoples, are travelling the same path as you." Timothy Ashby, Heritage Foundation.

Greece and Europe From Mr A. Berlind.

Sir,—It is time that your correspondent in Brussels and your European editor/headline-writer in London got their act together and started looking beyond an unprofessional anti-

Greek prejudice.
On September 16 and 17, two articles tried hard to lay Turkey's problems with the EEC at Greece's doorstep even while acknowledging that none of the members wished to forge ahead with Turkish membership. Now, the same bias and

should be corrected.

It would be wrong to say that Mr. George Brizan and Mr Fancis Alexis have resolved their differences "in an apparent effort to unseat the Prime Minister." Regardless of the negativism expressed towards Prime Wintster Rigize by the terms of the survey much more than the technical problem with Greek parliamentary approval outlined in the story proper. Indeed, those who read beyond the accusatory headline not only find no chief but learn as well that the Act is deemed so cumbersome by members and Commission.

reader of your story could be excused for suspecting that EEC members might welcome a further delay in its implementation. Those who read headlines only — trusting naively that they reflect the story beneath — could be another case of Greek obstruc-tionism. Both could be excused that is what is wrong with your story and its headline.

Reform of the rates

From the Leader, Conservative Group, Devon County Council Sir,-You published a Leader

on December 22 about rate reform which concluded that were wrong and ill considered. The trouble is that there is no easy, and certainly no popular, solution otherwise others less brave than the present Government would have had a go before now. The rating system is perverse in its application, the valuations on which it is based are out of date, and revaluations are vote losers. The present proposals do improve accountability for the elector, and the business rate will be statutorily fixed on an up to date valuation.

Ability to pay is a more diffienit argument to refute which is why some Conservatives in local government believe that a banded residents charge might banded residents charge might have elements acceptable to all. Local income tax is not a practicable alternative because of its bureaucratic, and complicated, implementation with variable effects locally, and also because no (Conservative) Government, dedicated to reducing tax thresholds, will want to impose one which increases income tax by 3 per cent to 4 per cent at a stroke,

per cent at a stroke.

A banded residents charge would include minimum and maximum charges, offset on the lines proposed by the Govern-ment for those on social security. In between there would be self assessed bands, From Mr T. Ashby

Sir,—Your survey of Grenada (December 11) was a generally positive appraisal of the island's development and political progress over the past three years. I believe, however, that two points made in the survey should be corrected.

It would be wrong to say that Mr George Brizan and Mr Fancis Alexis have resolved their differences "in an appa-" say £750 instead of £250 if on the minimum charge. Maximum charges could be at a ceiling of minister." Regardless of the negativism expressed towards that is coming on it.

(Professor) Hugh Stephenson, (City University, 223-227 St John Street, EC1.

Financial

Services

From Mr J. Adley

Sir.—The Financial Services

Act has been described by

Minister." Regardless of the negativism expressed towards towards towards have the negativism expressed towards towards towards have the negativism expressed towards towards have the negativism expressed towards have the negativism expressed towards towards have the negativism expressed towards have the negativism expression officials alike that measures are being rushed through so as to exclude the new procedures.

The Single European Act is deemed so cumbersome by members and Commission of the new procedures.

The Single European Act is definitely to pay, and could be made to work without much additional procedures.

The Single European have the new procedures.

The Single Europea



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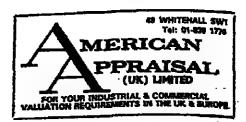
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### **FINANCIAL TIMES**

Wednesday January 7 1987



NEW RENAULT CHIEF SEEKS TO CREATE EUROPE'S MOST PROSPEROUS ENTERPRISE Levy sets his sights high

MR Raymond Levy, the new chairman of Renault, has wasted little Levy does not seem over-anxious to time in making his mark on the French state-owned car group. Barely three weeks in his new job, Mr Levy has already made it clear he intends to pursue the recovery icies of his predecessor, the late policies of his predecessor, the late Mr Georges Besse, who was killed by left-wing terrorists last Novem-

In a letter to all Renault employees, Mr Levy says his ambitious aim is to make Renault "into the most prosperous enterprise in Eu-He adds that the recovery started by Mr Besse must be pursu-ed and that the first target is to put However, the new Renault chair-

man goes on to say that the group "will only succeed when we can earn money, whatever the general Renault is expected to lose be-(\$390m to \$780m) in 1986. This is a sharo improvement on losses of

FFr 10.9bn in 1985 and a record FFr 12.5bn the year before. Moreover, company sales have been recovering strongly on the domestic mar-ket with Renault's share of the French market expected to total about 31.6 per cent last year com-

**Stocks** 

to set

records

WORLD STOCK markets contin-

resterday, with Wall Street's over-

night surge on Monday providing a

Ranks and securities shares led

alipped back later in the day to end at a record 18,936.76, up 116.21.

bounded, possibly due to the recent decline in the value of the yen.

kets during the recent protracted holiday season has also produced some pent-up demand. Yesterday's volume reached 472m shares com-

pared with Monday's half-day ses-sion level of 207m shares.

The strong showing bay markets in the Far East, where Hong Kong

and Taiwan also reached record

yesterday, is primarily due to the high level of liquidity in their econ-omies, according to London bro-kers. However, there are some sug-

gestions that the Far Eastern mar

kets may top out this year, with funds moving back into Europe.

Hong Kong, which usually feels the effects of strong movements in New York, saw the Hang Seng in-

the steady rise in the value of prop-

index reached another peak of 1,063.13, up 24.02.
Australia had its sixth consecu

tive record as a New Year shortage

of scrip combined with a frenzy of takeover activity and speculation among media and industrial stocks

to carry the All Ordinaries index up

Also behind the rise was the

strong price of gold, which took the gold index up 14.1 to 1,847.0.

Johannesburg also benefited from the bullion price, with its all-

gold index rising to a provisional 2,066, an advance of 5 points on the previous high last September.

In Europe, trading was subdued

due to the Epiphany religious holi-day but Zurich still managed to hit

a new peak with a 4-point rise

World Weather

continue

profitability the group can achieve.
Like Mr Besse, Mr Levy has
never worked in the car industry before. He did, however, have conwith the Elf Aquitaine oil group, where he spent 23 years and subsequently with Usinor, the French state steel group which supplied the

Mr Levy is expected to take the next six months to get to grips with the complex car group and become familiar with its far-flung opera-tions and its problems - the chief one being its urgent need to resdebts of more than FFr 60bn. Moreover, Mr Levy is expected to visit Renault's interest in the US, including American Motors (AMC) and Mack Trucks, in the near fu-

covery of Renault's European car operations, he was still undecided about the future strategy towards AMC before he was asse The future of Renault's American



with the balance sheet restructuring, one of the early priorities of the

the recapitalisation of Renault Vehicules Industriels (RVI), the loss making truck subsidiary which urgently needs FFr 3bn to restructure its balance sheet, has been post-poned for six months. A decision on the recapitalisation of RVI should have been taken by the end of last year. However, because of the cir-cumstances in which Renault was plunged after the murder of Mr Besse, agreement was reached to de-lay the RVI recapitalisation for a

The mood inside the car group has become increasingly confident with the first tangible signs of recovery. Mr Levy appears keen to bolster this growing confidence by speaking of the need for Renault not just to return to the black but be profitable enough to continue to

Like Mr Besse, he is likely to concentrate on Renault's core car man-ufacturing businesses. As a former oil man, he seems to take a dim view of diversifications and likes to refer to the "errors" of groups such as Exxon and Schlumberger. In any case money and time are needed to of which Renault has in abundance

not seem in a great hurry to enter into major alliances with other car groups, at least not before Renault s again solidly on its feet.

Brussels and Paris over his appointment, Mr Levy, who was until recently head of the Belgian steel group Cockerill-Sambre, has sought

# No plans for more inspectors to ern liberalism, be it in political, academic or artistic thinking. "Since bourgenis liberalisation is

THE BRITISH Government has no present plans to appoint more

ned on their record-breaking run positive backdrop but most of the relation to abuses in the City."

His comments were made in the ight of the opposition Labour Paran advance in Tokyo which took the ty's declared aim to focus on recent Nikket average through the 19,000 target level for the first time to a day's high of 19,041.0. The indicator City of London scandals in its at-

> He believed recent events and acing, which had anyway been prac-tised by "a small minority of people

had rejected Labour calls for an interim report on the Guinness inquiry. He said the two inspectors carrying out the investigation had a number of leads and there was "no where they had got to when they were in the middle of an investigation. This would obviously hamper

Similarly, he rejected sugges-tions that a specific deadline should be set. The inspectors, he said, had been left under no illusion about "the absolute importance of com-pleting their inquiry as soon as possible consistent with completing a

He has himself not been in contact with the two inspectors, though Department of Trade and Industry of the inquiry.

Mr Howard also pointed out that, in the light of the ruling following

the controversy in the early 1970s about a report involving Mr Robert Maxwell, if the inquiry made allegations against named people, they would have the opportunity to com-ment and have legal representa-

Mr Howard said be had insisted ness inquiry, as well as in the other

was one for the stock exchange, but

In general, Mr Howard argued

Details, Page 6

### **UK** building societies tap Eurobond market

TWO British building societies tapped a new source of funds to finance their home loans yesterday when they entered the dollar Enro-bond market for the first time.

The Abbey National Building So-ciety and the Halifax Building Socidex up 31.47 yesterday at a record 2.583.87 on local expectations of strong economic growth in 1987 and ety, Britain's two largest, raised \$200m and \$150m respectively, after changes in the law which came into force on January L

erty.
In Taiwan, where share prices had risen to a record just before the New Year, the market's weighted The money was borrowed for five years at fixed rates of interest and then swapped into sterling, paying an interest rate linked to moneymarket rates. The cost of raising money in this way was slightly cheaper than borrowing in sterling on wholesale markets and consider ably cheaper than raising funds from retail investors.

Both societies, however, stressed that they were not losing their character as retail financial institutions. "We will neglect the retail customer at our peril," said Mr James Tyrrell, the Abbey's general manager for fi-

Under the 1986 Building Societies Act, which eases the constraints societies have operated under for generations, they are allowed to borrow in foreign currencies provided they

swap the money into sterling immediately. This is intended to avoid foreign exchange risk. The industry has been able to raise sterling in the Eurobond mar-ket since 1985. So far it has raised £4.5bn (\$6.6bn) in this way.

However, societies do not have unlimited freedom to raise money from wholesale sources. They must ntinue to raise at least 80 per cent of their funds from retail sources and get permission from the Building Societies Commission, the industry's new regulatory body, if the bank, which lost \$600m in the first b they plan currency swaps that ac-count for more than two per cent of

It will also be difficult for them to raise money by issuing Eurodollar certificates of deposit unless the Commission allows them to operate in financial futures markets, the best way of hedging such short-

Yesterday's issues were a success however, fuelling speculation that other large societies would issue Eurodollar bonds in the near future They are also looking at the possib ility of borrowing money in yen and continental European currencies.

Details, Page 22

### investigate UK insider trading BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

Michael Howard, the Under-Secretary for Corporate and Consumer Affairs, when he repeatedly stressed the Government's aim of acting in a determined manner in

Mr Howard sought to offer reas-turance that the Government had already taken sufficient powers to them "vigorously and effectively."

Mr Howard explained why he

that the two inspectors in the Guinthree current investigations, should be full-time and should not let anything else interfere with their work. In the past, he said, that had not al-

He also stressed that the question of the Guinness share quotation

than any previous government has

#### **Bank America** rejects First Interstate bid

By James Suchan in New York

BANKAMERICA, the beleaguered parent of the second biggest US bank, has brusquely rejected the \$3.4bn all-paper takeover bid from First Interstate and authorised the raising of new capital to repair the bank's damaged balance sheet.

"We're going to come out fighting with everything we have," Mr A. W. Clausen, the bank's chief executive, said in San Francisco. An improve-ment in the quality of the bank's loan book and reductions in overnine months of the year, to sus-tained operating profitability dur-ing 1987, he said.

At a meeting on Monday, Bank-America's board formally and unanimously rejected the offer from its smaller Los Angeles rival, which consists of a combination of securities valued by First Interstate at \$21 a share. Mr Clausen said the pro-posal was inadequate and undesir-able. He said Salomon Brothers, the securities would today be signifi-cantly less than \$21 a share.

In addition, he said, the merge bank and "there is great doubt that First Interstate's can receive regu-latory approval." First Interstate sion of General Motors. First Interstate's can receive regusaid it was regrettable that the offer had been rejected without discus-

Sion.

The harshness of Mr Clausen's remarks and the plans to raise new capital, including equity canital, were a surprise to Wall Street Analysts said that with BankAmerica's shares trading at a 30 per cent dis-count to book value, institutional holders would not welcome an equi-

The market would not entertain BankAmerica shares favourably, said Ms Virginia Adair, an analys at Thomson McKinnon.

operate profitably this year without the help of non-recurring gains form asset disposals. The sale of the profitable Italian subsidiary, Banca pre-tax gain of \$250m,

#### on students may herald clampdown THE first signs of what could be the end to a period of unusual academic and artistic freedom in China appeared in a major Communist Party

Peking's

new line

The People's Daily, the official party newspaper, published a tough editorial with sentiments showing that the influence of conservative thought has increased during the editorial said the party would tight-en its control to combat bourgeois liberal" influences that had "poison-

The statement, which quotes the paramount Chinese leader, Deng Taoping, is written in the language favoured by more conservative parlaining loudly in lesser newsmers during the past week.

It condemns party members who have "turned a blind eye" to the development of "bourgeois liberalisa-tion." When Chinese officals say bourgeois liberalisation, they gen-erally mean the influence of West-

poisoning our youth and is harmfu modernisation drive, should we ig-pore it? the paper asked. In answering the question, the paper said it was time for errant party mbers, some of whom "gave di

eral push, to "wake up."

Diplomate have a range of explanations for the tougher tone. The most common is that the reformist guments over student protests and olitical reform that it cannot win ecause the students have obviously gone too far.

Whatever the explanation, the editorial does not bode well for the "100 flowers" campaign to encourage artists and academics to speak their mind. In recent months, Chiing such sensitive issues as humanism, which had previously been regarded as "decadent," and writers and film makers have tackled a range of previously forbidden politi-

Diplomats say that academics and party members have been able to venture into uncharted territory because the Communist Party ha not drawn precise boundaries for debate. Yesterday's editorial sug-gests that a clearer party line will be drawn in the wake of the student

The editorial cited speeches is 1979 and in 1982 by Deng Xiaoping, who warned against "people wan-ting to give up the socialist road." Diplomats said the Deng references were to show that the statement

has his imprimatur.

The Peking Daily, copies of which were set alight on Monday by students at Peking University, said the incident was an honour for the paper and proved that its tough oppos-tion to the democracy drive had been right. In a new twist, the pa-per alleged that foreign correspon-dents had belped encourage the students to burn newspapers.

Campuses were generally quiet yesterday, with a few posters appearing at People's University and little activity at Peking University. Students are now either sitting or preparing for examinations and begin holidays after the exams. So the universities are expected to remain quiet in coming weeks.

China will buy \$62m worth of US-made military radar and radio equipment as another sign of grow-ing military co-operation between the two nations.

The move follows the US sale of the two natio

able. He said Salomon Brothers, the board's financial adviser, had con-cluded that the market value of the ships of Qingdao in November.
The Defence Department said
Peking will buy four AN/IPQ-37
radar sets, eight AN/VCR-46 radio

cate enemy artillery batteries and belp diret return fire. The radio sets can bes used in tanks, jeeps and

#### Chirac holds firm

Continued from Page 1

fairs. He said that the government's task was to define macro-economic Some analysts were surprised at policy and set overall wage limits the claim that BankAmerica could for the public sector.

The government has laid down that wage increases this year should not exceed 3 per cent. But unions complain that this allows for lire larger, but this could be re-versed by a lira devaluation in the Bank will result in a fourth-quarter workers that are below the 2 per THE LEX COLUMN

### Clausen plays for time

There should have been no prize for guessing that BankAmerica's considered reply to the hid from First Interstate would be just the same as its original dismissive rense. What comes as rather a surprise is the sheer aggression of yes-terday's statement from Mr Clausen, which goes beyond the expected attack on First Interstate's paper to an accusation that Mr Pinola's offer would have the almost treasonable effect of draining the equity base of the US banking syst

BankAmerica did have son goodish news to go with the barbed words. Profits for the next couple of quarters are clearly going to be provided by the roaring programme of asset sales, rather than from banking operations. But it is now ed that sustained operating profits – albeit probably amountin o only a few cents per share - will be achieved during 1987. Whether that claim is made good will hinge on BankAmerica's success in boiling down the non-performing loan the bank actually hits its target of not be much profit to come out of may actually have some non-ex traordinary earnings to comfort themselves with this year, though

about the BankAmerica business plan, which seems to involve simuaneous focusing on so many objectives as to arouse doubts about the clarity of vision with which the plan was drawn. Yet the unattractiveness of the complicated Pinola package to BankAmerica's predomnantly retail shareholder registe must give the existing mana a few months' grace. And during that time, the asset sales will close up the gap between book and realisable value in BankAmerica's balance sheet, diminishing First In-

into being seriously rich (rather than just exceptionally highly paid). And the justification is, naturally, that the option holders could not hit



earnings - and the share price has reflected that fact. It is only this last factor which can save the scheme from being as excessive as it appears: executives who are rewarded by growth in earnings per share can do a lot to influence that number, but unless the market goes on believing the figures, there will

#### Courtaulds/F&H

Clearly, Courtailds will not win its hid for Fothergill & Harvey at the current offer price. When F&H's shares stand at 255p in the market, an offer of 225p cannot succeed unless investors are convinced that have been worth backing. the shares are being artificially sup-ported. An offer in cash, on which many investors would have to pay gains tax, or in loan notes, forcing a switch from equity to fixed interest investment to delay the tax liabili-ty, is arguably worth even less. But the terms of the bid can safe-

Trading has made its decision on a price. reference which may require yet. The flaw in the theory is that at another extension of a bid time- such a distance neither NZI - or table. Yesterday's argument was for whoever else is buying Hill Samuel once about industrial logic – curious shares – nor the investors in Mer-Courtsulds' second offer docum is sufficiently well-argued, aided by are diseased. Even close up it is the usual selectivity of information hard to physoint which saplings in in takeover documents, to allow inthe glit-edged and equity markets stitutions to accept the offer with- are going to survive and how much out disgrace if the price was right.

The issue of F&H's joint venture

The first three months of Big Bang with American Cyanamid (Cyfo) may not have been too bad, but has become something of a red her-

is F&H's inability to fund its own development without recourse to partners. Not all joint ventures are partners. Not an Jount teach, and as happy as Cylo has been, and F&H shareholders have already had to forego some of the benefits to gain the backing.

Unless Courtaulds is struck by a

sudden meanness about making a higher offer, F&H shareholders may well conclude that their com-pany is better off in Courtands than in joint ventures. If Courtaulds could overcome its reluctance to issue paper, which would not need to be in excessive amounts anyway given the size of the bid, F&H shareholders might be more ready to swap their old company for a chance of a further re-rating in

#### Hill Samuel

The sudden interest by foreign investors in the shares of UK financial groups – with Hill Samuel now joining the list – could prove instructive.

Perhaps these buyers, who spread from North America to the Antipodes, can view what is hap-pening in London with a calm not possible for local participants. In eeing the whole wood they can take a strategic position, and argue that although times are currently hard, in the end the winners will Multiples are low - Hill Samuel's

for the year to March 1987 is well under 10 despite the recent rise in the price - and one day the present valuations may be seen as great buying opportunities. After all, the buyers will say, much of Hill Samuel's business is outside Big Bang be left until a little later in the and its break up value, for what it's pattle - once the Office of Fair worth, must be well above the share

> cantile House and Mercury International, can see which of the trees

### Wedgwood plc

has been acquired by

Waterford Wedgwood Holdings plc

a wholly-owned subsidiary of

Waterford Glass Group plc

The undersigned acted as financial advisers to Wedgwood plc in this transaction.

Hambros Bank Limited

Shearson Lehman **Brothers International** 

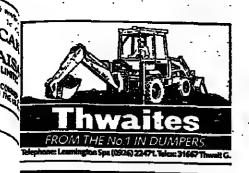
December 1986

### UK economy 'overtaken'

Continued from Page 1 higher priced goods tends to suggest a superior per capita income.

Not unreasonably, it has fallen to the opposition, which in Italy means the Communist Party, to minimise the achievement. In a long article published on Sunday and headlined The bookkeeping illusion," the party's newspaper, L'Unita, pointed out that Italian gross domestic product may have sailed past the UK's only because of sterling's devaluation over the last

At current exchange rates, Italian GDP may be a few thousand billion



### SECTION II - COMPANIES AND MARKETS

### **FINANCIAL TIMES**

Wednesday January 7 1987



### First Nationwide to place banks in K mart stores

BY ANATOLE KALETSKY IN NEW YORK

internal Light NATIONWIDE BANK, the in the state of First Rationwith and loan string in the string in 150 new branches the subsidiary or rorn monor branches is setting up 150 new branches said to the use of ind to the wind with the US, in an innovative joint venture which America's largest retail hanking The deal with K mart will expand

the deal with K mark with National the last the branch network of First National the seventhwide, which is already the seventi-ment of the largest US thrift institution, by a ment of the largest US thrift institution, by a At the announcement of the plant of the plan hatar the role much said that he mopes to would have

be placed in K mart stores over the ext five years. K mart is the second-largest US etailer after Sears Roebuck and us 2,200 discount stores, primarily

ment to in the state

to diversify into financial services. Around the same time, Chrysler bought BankAmerica's consumer finance unit and E.F. Hutton's leasing business while General Motors ecquired the Colonial group of mortgage banking companies.

At the end of 1985 First Nation wide had \$11.6bn of assets and 10 branches in California, Florida, New York and Hawaii. Since then Ford has acquired two further sav-ings and loan institutions, expand-ing First Nationwide's franchise into 10 new states.

While other retailers including Sears Roebuck had made major erforts recently to offer financial services with only moderate success, First Nationwide's chairman, Mr

Ford bought the San Francisco-based First Nationwide in Decem-as an important opportunity to ber 1985 for \$493m as part of the US solve the problem of extending motor industry's widespread efforts banking services to lower and middle income groups economically.

Many large banks have been abandoning these social groups be cause of the cost associated with maintaining branches and adminis tering relatively small accounts.

But locating within K mart stores provided substantial cost savings and allowed K mart branches to of fer certificates of deposit yielding 0.3 to 0.4 per cent above market rates, Mr Frank said.

K mart would receive rent for the use of its floor space plus a commis sion based on the volume of busi ness done by each First Nationwide branch. The average K mart branch, Mr Frank said, would attract \$5m to \$6m in deposits, with an average account

Lancia with the formerly state-owned Alfa, may well be the antic-ipated losses over the next four In its original planning, Fiat ap peared to be expecting cumulative deficits of well over L1,000bn before

Fiat backs

Alfa with

L1,500bn

THE FIAT Group has underlined

its determination to make a success

of its takeover of Alfa Romeo by al-

locating a paid-up capital of L1,500bn (\$1.1bn) to its new Alfa

Lancia subsidiary.

This base is L100bn larger than

the underpinning of Fist Auto, the

group's main car company, and puts the subsidiary in the top five Italian

industrial companies measured by

Milan, will be the parent company of a subsidiary, Alfa Lancia Indus-

triale, with a capital of L350bn. This company is charged with the plan-

ning production and marketing of

One reason for allocating such a

large amount of capital to the new company, which is a fusion of Fiat's

Alfa and Lancia products.

capital

Over the same four-year period Fiat is committed to investing L3,750bn in new plant and equi ment at Alfa's Arese and Pon no d'Arco plants and a further Libra ments at Lancia.

#### Gulf & Western increases dividend By Our Financial Staff

GULF & WESTERN, the US enter tainment and commun group, has increased its quarterly dividend from 22% cents to 30 cents

This follows a revival in fortunes since selling off its consumer and industrial products segment in late

### George Graham in Paris looks at the latest change in the government debt market French traders come up to date

tual lead in the development of Pa-

and Caisse de Gestion Mobilière,

sure to government bonds. The oth-

er two, Finance Contreparties and

Groupement Finance Phus, are joint

ventures between stockbrokers and

involvement in the bond market but

little experience of shorter-term

Jacques Letertre, head of Finance

In addition, the Tre

named 13 spécialistes en valeurs well as on their technical skills. de Trésor, or SVTs, to make a mar- Banks which had taken an intellecket in government debt instru-

ris financial markets, such as the For many of the dealers named, creation of the new financial fuhowever, the English phrase "pri-mary dealer" is one that comes more readily to the lips - hardly surprising in a market that now to achieve a range of skills in the shows more resemblance to the market and picked four smaller opthan to the classical Paris govern-ment debt market where prices asked to increase their capital rement debt market where prices were fixed once a day.

have known for 50 years. The process of fixing is now over," said the belonged to the group of traditional discount houses with an expertise cial bank. in the bill market but little expo-

Mr Laurent Fabius and have now almost completed a revolution in ernment deficits.

The 13 banks and consortia nominated by the Treasury as primary dealers will have four main obliga-

They will have to maintain mpetent teams of dealers, keep the Treesury informed on market developments, take part regularly in the placing of French govern-ment debt and make continuous, two-way prices across the full range ernment securities, including both Treasury bills and government

market will develop is not yet clear. The primary dealers were select-Some banks, such as Morgan Guared on the basis of their activity in anty, have already been making

Other banks also expect to use Reuters, and efforts are also under way to create one, or possibly two, inter-dealer brokers to ensure martures exchange or Matil, were faket liquidity between the primary

The French government debt market has increased dramatically in size over the last five years and erators which it thought had the canow dominates the overall fixed-interest markets. Some bank instruments, for instance, are starting to sources over the next two years. be quoted not on an absolute basis Two of these, Banque d'Escompte

but as a spread over Treasury bills. opened up to all types of investor, and over the past year the market duction of standard bills issued according to a predetermined calen-

Discounted bills with maturities of 13, 26 und 52 weeks are issued at regular auctions while two-year and five-year bills with annual coupons werage one issue a month.

"Our trade has always been arbi-The Treasury bill and note mar-ket has almost doubled from FFr trage, and the opportunities for ar-bitrage are not unlimited," said Mr 200bn (\$31bn) outstanding in 1981. Daily volume is estimated at between FFr 2bn and FFr 5bn.

"But there are several of the pri-In the bond market, government debt accounts for around 30 per "Either the stockbrokers' monogent of outstanding issues, but as oly must end for government bond mary dealers who do not have our much as two thirds of turnover. Bonds are issued with maturities

stitutions at these auctions, since they will be allowed to submit "noncompetitive bids." Besides bidding for government securities in compe-tition with other institutions, they will be entitled to receive 20 per cent of the amount they bid for at the average price of the auction.

This will make little difference to the Caisse des Dépôts, the state owned financing organisation which often takes up 40 per cent of an auction on its own. Its bid is, in effect, the average price. For small-er institutions whose clients want bonds at the average price, how-ever, it will provide a slight compet-

assimilable bonds, or Oats, which have allowed the creation of large, bonds - the 9.8 per cent of 1996, 9.9 per cent of 1994 and 7.5 per cent of market makers in the grey market outside the Paris Stock Exchange, am to 3pm.

The relationship between the pri mary dealers and the bourse is one of the problems which has yet to be worked out

or they will have to agree to charge no commissions to the primary at one large financial institution which has been named as a pri

### make the last of Dutch insurer Spread in North & sells stake in Antiquely can then SA life group

VATIONALE-Nederlanden, that a travell transpargest insurance company in the hard in the end to Netherlands, is pulling out of South in South Africa Life insurance

Sompany Sage Life for about F1 10m the the 25 per cent stake is being be gold to Sage Holdings of Johannes er cent of South African Life. Nationale-Nederlanden said that was disposing of its South African we are life stake because of its policy of naintaining only majority share soldings but admitted that political mest in the country had played a die. Two years ago the Dutch in-urer trimmed its shareholding to

#### **DEC** sets up defence contract division in UK

division in its British subsidiary to exploit what it sees as a shift by the UK Defence Ministry towards foreign computer hardware suppliers.

Mr Peter Allen, head of the company's new Defence Programmes
Sales Group (DPSG), claimed yes-

sort of company the Ministry of De-tence (MoD) wants us to be." DEC believes an opportunity has opened as a result of the ministry's as GEC and Ferranti.

DEC also believes the MoD's:

BY DAVID BUCHAN IN LONDON

DEC, the US-based computer mak-technical and financial resources that smaller computer software companies such as DEC in British defence business has been height-aned by

ened by recent procurement decisions favouring foreign companies. The most controversial example came last month when the Govern ment cancelled GEC's Elbn (\$680m) of the US Boeing Awars system.

The ministry's preference for competition in procurement has alish electronics companies. In Octoquest for prime contractors to take ber, KL, the UK computer compa-acle charge of defence programmes uy, opened a new defence-oriented places a premium on large hard-division with a new 21m building ware manufacturers, which have near Reading

### National Distillers to sell Almaden

NATIONAL DISTILLERS & Chem-brand table wines, champagnes and . To prepare for the disposal, the interests in petrochemicals, pro-pane marketing and alcoholic drinks, has agreed in principle to sell the brands and assets of Almad-m Vineyards to Haublein, a subsid-

Almaden, based in San Jose, Call- on the core ch

under the Charles Lefranc Cellars

announced plans to sell all its spirits and wine operations and focus names include Old Grand Dad, Vat on the core chemicals and propane 69 and Windsor Supreme Canadian

ical, a New York-based group with brandies, as well as premium wines group yesterday purchased for an interests in petrochemicals, prolabel. It also imports and markets minority interest in John Dekuyper table wines and champagne and Son USA, which makes and through Charles Lefranc.

National Distillers has already and Mexico.

National Distillers' other brand

#### Ahold expects net annual profit rise

By Our Financial Staff

AHOLD, the Dutch retail chain, expects 1986 net profit to be higher than the Fl 122.5m (\$56.5m) of 1985, Mr Albert Heijn, the chairman,

Total group turnover was 5.9 Total group turnover was 5.9 per cent lower in 1986 at Fl 11.4bn againet F1 12.1hn in 1985. This was mainly due to the lower value of the

U.S. \$200,000,000



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(A Corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

Japanese Yen 20,000,000,000 Guaranteed Stepped-Up Coupon Notes due 1991

Repayment of principal and payment of interest and other charges. guaranteed pursuant to the State Bank Act 1958 by

The State of Victoria

Mitsubishi Trust International Limited

### INTL. COMPANIES AND FINANCE

### Clarion sets up

### unit in Malaysia

By Our Financial Staff

CLARION, the Japanese maker of car radios and stereo sets, has es-tablished a subsidiary in Malaysia to produce parts for car audio equipment. The new company, Crystal Precision Malaysia, has a capital of 3m ringgit (\$1.15m).

Company officials said Crystal recision would start production of uners and other main components this spring and would supply them to Clarion Malaysia, a Clarion unit that makes car audio seis for ex-

As a result, Clarion Malaysia will louble its production of car audio sets to about 200,000 a year. It plans to bring the production up to 400,000 sets a year, officials said.

While Clarion Malaysia has be exporting its products only to Eu-rope to date, it will now start shiping them to Australia and New

Clarion Malaysia will continue to receive some parts from its parent company in Tokyo, but since Crys-tal Precision will acquire certain parts locally for component produc-tion, Clarion Malaysia's use of locally purchased parts will jump to about 60 per cent from 10 per cent at present. Malaysia requires for-eign-owned companies to buy about 0 per cent of parts and components

The new Malaysian parts plant has been set up in order to cope with the yea's sharp appreciation,

nies participating in a joint alumini-um project in Brazil with Compania Value Do Rio Doce, the Brazilian state-owned company, has decided against making any further invest-ment or loans for the venture, the Export and Import Bank of Japan

A bank official said the decision was attributable to falling prices of aluminium in the world market that were making the project increas-ingly vulnerable to losses. He de-clined to identify the 23 participents, however, except to say they were commercial banks, trade

### Dai-Ichi Kangyo, Citicorp link 'limited to teller machine use'

BY ANATOLE KALETSKY IN NEW YORK

CTTICORP, the largest US banking patriate customers group, has confirmed that it has However, on M tomatic teller networks in one an- this year. others' countries.

such an agreement in a Tokyo reached.

icorp's credit cards in Japan, that a conclusion as yet," he said. "We the banks would give customers have just discussed a cashing services to each others' automated teller machines (ATM) and that One analyst said a link with Daither would make the conclusion as yet, he said. "We have just discussed a cashing services and nothing more than that." they would mutually act as agents in consumer lending and mortgage business, possibly expediting loan

However, on Monday Citicorp been working with Dai-Ichi Kan- said the talks had covered only the gyo, one of Japan's biggest banks. ATM project and were not related for a number of months on a project to Citicorp's planned introduction of to enable their customers to use autits Citibank MasterCard in Japan

others' countries. Mr Yuko Oana, managing direc-Confirmation of the talks follows tor of Dai-Ichi's New York branch, rumours of a major tie-up between said the two groups had discussed the two banks which circulated in linking some operations but that no New York following predictions of definitive agreement had been

"Citicorp made a proposal to us newspaper last week. "Citicorp made a proposal to us.

The unconfirmed report stated last fall for the limited exchange of that Dai-Ichi would support Cit- services, but talks have not reache

any joint ventures which threatened each other's main banking

Mr Jim McDermott of Reefe Bruyette and Woods, a leading broker-age firm specialising in bank stocks, said he expected an an-nouncement of a gentlemen's agree-ment between the two banks, prob-

ably involving some co-operation in

servicing each other's clients. However, he was sceptical of the importance of such a link, noting that no US banks had yet sucreede in establishing a consumer busi ness in Japan and that even the US investment presence was marginal. Citicorp had stolen a lead on the

US competition when it acquired Vickers Da Costa, the London-One analyst said a link with Dai-lehi Kangyo might help increase Citicorp's credibility in the Japa-nese market although it was unlike-teen so, said Mr McDermott, its ly that the two bunks would begin Japanese business was limited

#### National Mutual Dumez withdraws offer Royal Bank in A\$8.9m loss

NATIONAL MUTUAL Royal Bank the Australian joint venture be-tween Royal Bank of Canada and National Mutual Life Association of Australasia, reported an ASS.9m (USS9m) loss for in first ever year of operation ended September 1996. The bank said start-up costs, the

adoption of conservative accounting policies and the creation of a general provision for losses were the factors behind the deficit.

Mr Bill Gurry, the bank's manag-ing director, said the 1986 result rethe future of National Mutual Royal Bank." He said the bank group cur-rently had assets of about AS2.5hn which would increase to nearly AS4bn when it merged with United Permanent Bulking Society in

• Westpac Banking's earnings in the year ending September 30 will be affected by slower growth in lending and interest income and

new Australian tax imports, according to Mr Bob White, the bank's menaging director.

Demand for loan funds is likely to be affected by slowing economic

#### for United Westburne BY ROBERT GUBBENS IN MONTREAL

and property group, has dropped March 31 1988.

plans to buy United Westburne In Tindes the determinant C\$217m (US\$157m).

to Westburne International Indus-tries of Calgary, which owns 94 per cent of United Westburne. This was much higher than a previous man- Westburne International said Du-

DUMEZ, the French construction tions in the US, in the year ended Under the deal, the oil and dril-

dustries, a large Montreal-based ing assets of the Westburne group plumbing, electrical and heating would have been left with Westburne ground the state of the Westburne group in the state of the Westburne group in the state of the Westburne group. The offer was made last animm said it had made a new agree

westburne.

The proposed for Unitwestburne.

The proposed for Unitbecause it failed to receive certain agement buy-out proposed for Units

ed Westburne.

The wholesaler had sales of nearfavourable tax rulings by the Dely CSL5bn, including recent acquisi- cember 31 deadline.

### Bid rejection advised

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIAN GOLD companies, and 10 cents cash for each share in Cerr Boyd Minerals and associates Hill Minerals.

Hill Minerals, are advising share-holders to reject the take-over offers made by the Coronet group.

The bids are: three shares in the company as inadequate and Queen Margaret Gold plus 30 cents added: "We do not regard Queen cash for each share in Carr Boyd; Margaret scrip as a worthwhile con-

Mr Bill Galbraith, Carr Boyd chairman, described the offer for

### **AT&T-Philips contracts**

ATET-PHILIPS, the telecommunity nice, had already received a smallcations joint venture, has received er, preliminary contract to prepare two separate orders from Indonesia studies and equipment for the project. The Netherlands-based joint

improvement and expansion of the donesia, having won several orders Jakarta telephone system by de-signing and laying a large cable net-work, including a fibre optic link

the American and Dutch compa-

ernise their telephone networks.

The F1 400m order from the Indonesian Government involves the change switching systems to Indonesian Government involves the change switching systems to Indonesian Government involves the change switching systems to Indonesian Government involves the change is a second control of the change is a second control there in recent years.

About 15 per cent of the order will be financed by the Dutch ministries of development co-operation and economic affairs for Indonesis, a former Dutch colony.

The project will involve two Philips' subsidiaries, Interengineering BV and NKF Kabel,

#### Rotterdam to launch energy options market

AN ENERGY Options Exchang will be launched in Rotterdam in May by the European Options Ex-change (EOE) and Rotterdam Chamber of Commerce to offer

The EOE-Rotterdam is intended to provide hedging, arbitrage and investment opportunities for pro-fessional traders, financial institu-tions and private individuals. It is tions and private individuals. It is designed to complement existing exchanges that offer other petro-leum instruments such as the Inter-national Petroleum Exchange (IPE) in London and the New York Mer-cantile Exchange (Nymex) in New York

most important oil refining centres and markets for spot, or non con-tract, oil products such as gas oil, fuel oil and naphtha. The underly-ing physical products for the option contracts can be delivered from a refinery or storage tank in the Am-sterdam, Rotterdam and Antwerp

(Ara) areas.

The initial contract will cover calls and puts on 100 tons of gasoil and be priced in US dollars, which currently would amount to about \$30,000. Contract durations will be one, two, three, four, five, six, nine and 12 months. Clearing will be through the Petroleum Options Clearing Corporation, which will be established by the EOE.

The Rotterdam exchange will of-

fer the world's first options on physical oil products although the Nymex lists options on futures con-tracts. Seats on the EOE-Rotterdam will cost FL 25,000 (\$11,463). ■ Inspectorate International. Neuchatel, has bought the American company Multi-Family Security

from the Texas-based Network Se-

curity Group for \$39m in cash and The US company specialises in installing electronic security systems in buildings housing a number £100,000,000



#### Floating Rate Notes Due 1998

**Interest Rate** 

113/16% per annum

Interest Period

Interest Amount per

5th January 1987 6th April 1987

£10,000 Note due 6th April 1987

£278.92

Credit Suisse First Boston Limited Acent Bank

NOTICE OF EARLY REDEMPTION U.S.\$100,000.000 The Sumitomo Trust Finance (H.K.) Limited

Guaranteed Floating Rate Notes Due 1994

Guaranteed as to payment of principal and interest by

The Sumitomo Trust and Banking Company, Limited

Notice is hereby given that pursuant to Condition 5(B) of the Terms and Conditions of the Notes, the Issuer will redeem all of the outstanding notes, being U.S.\$100.000,000 nominal amount, at their principal amount on February 13, 1987 when interest on the notes will cease to accrue. Payment of principal together with payment of interest in respect of coupon No. 6 will be made in accordance with Condition 4 of the Terms and Conditions of the Notes at the offices of any of the paying agents who continue to be listed in the Terms and Conditions of the Notes. By: The Chase Manhattan Bank, N.A. London, Fiscal Agent and Principal Paying Agent

#### **BankAmerica** Corporation

U.S. \$400,000,000 Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the final Interest Sub-period from 8th January, 1987 to 9th February, 1987 the following will apply: 1. Interest Payment Date: 9th March, 1987

2. Rate of Interest for Sub-period: 3. Interest Amount payable

61/6% per annum

for Sub-period: Total Interest Amount

US\$280.56 per US\$50,000 nominal

payable: US\$549.66 per US\$50,000 nominal The following Interest Sub-period will be from 9th February, 1987 to 9th March, 1987.

Bank of America International Limited

This announcement is neither an offer to sell nor a solicitation of an offer to buy these securities. The offering is made only by the Prospectus Supplement and the related Prospectus, copies of which may be obtained from the undersigned in any State in which these securities may be lawfully offered. The Attorney General of the State of New York has not passed upon or endorsed the merits of this offering. Any representation to the contrary is unlawful.

Wood Gundy Inc.

December 4, 1986

\$200,000,000

Marriott

81/8% Series C Senior Notes Due December 1, 1996

Price 99.625%

Smith Barney, Harris Upham & Co. Incorporated

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### We would like to thank our 1986 merger advisory clients for their confidence in us.

**Alistar Corporation** Allegheny International, Inc. Anheuser-Busch Companies, Inc. The BOC Group plc Carter Hawley Hale Stores, Inc. S.A. Cimenteries CBR Cementbedrijven N.V. Compagnie Générale d'Electricité **Container Corporation of America Copperweld Corporation** Dainippon Ink and Chemicals, Inc. Di Giorgio Corporation Doubleday & Company, Inc. Dow Jones & Company, Inc. **Dynalectron Corporation** AB Electrolux **Engelhard Corporation Equimark Corporation Ford Motor Company** Fromageries Bel S.A. General Mills, Inc. **Grumman Corporation Hayes-Albion Corporation** H.J. Heinz Company Honeywell Inc. Kraft, Inc.

Lufthansa AG Martin Processing, Inc. Metropolitan Life Insurance Company Mitsubishi Chemical Industries Limited **National Distillers and Chemical Corporation National Gypsum Company** National Intergroup, Inc. **NCR Corporation** NL Industries, Inc. Norfolk Southern Corporation OmniBank Corp. **Owens-Corning Fiberglas** Corporation **Purolator Courier Corp.** RJR Nabisco, Inc. The Ryland Group, Inc. **Sea-Land Corporation** SKF Industries, Inc. Temple-Inland Inc. **Union Pacific Corporation Unocal Corporation** 

Volkswagen of America, Inc.

Western Air Lines, Inc.

Dillon, Read & Co. Inc.

Haig Simonian on the background to the rush to issue Australian dollar Eurobonds

### A\$ strength gives swaps a boost

"THE SWAPS work," is how The present favourable align-securities. Even allowing for vestors' interest through its deficit is not in doubt. The one syndicate manager successive explains the reasons rates, which has triggered the hard to refuse. "THE SWAPS work," is how by another five yesterday.

Marrying borrowers which may not necessarily want Australian dollars, but can raise them relatively cheaply, with counterparties which have a demand for the currency is the classic pattern behind all interest rate and curency

The Australian dollar's present strength against the US currency, and the trend of Australian domestic interest rates lie behind the past two days' rush of new issues.

In the present circumstances, he right non-Australian the fight non-Australian borrowers can raise funds through a A\$ Eurobond issue at up to 120 basis points cheaper than an Australian company

could do.

A foreign borrower can then swap the proceeds into floating-rate US dollars at between 40 and 80 basis points below London interbank offered rate (Libor). That is considerably paper from good quality A\$ cheaper than it could have borrowers is paying coupons achieved, had it gone ahead and around 14 per cent, compared tapped the floating-rate US with yields of around 6 per cent dollar market in the first place. for West German government

explains the reasons rates, which has triggered the this weeks A\$480m rush of new bond issues, is only

Landeshank Schleswig - Hol-

Landesbank Schleswig and-stein Finance kicked off yes-terday's extremely busy new isues market for Australian dollar Eurobouds with a

dollar Eurobonds with a A\$30m 14 per cent 1990 deal,

A\$30m 14 per cent 1930 deal, guaranteed by the parent company. Led by Warburg Securities, it bond was priced at 1013.

Salomon Brothers International led a A\$75m issue for Philip Morris, the International tobacco proof. The 143 per cent 1930 paper is priced at 1013.

Finance issued a A\$75m 14 per cent bond, maturing in

Of late, the bank's head office

has taken to promoting interbank fairs to encourage the

riced at 101). Commerzbank

Lead managers have sensed to its own new issues departtorrent of new Australian part of the story, however.

dollar Eurobond issues. Four Continental European retail interest, notably as the previous Have investors underestideals on Monday were followed investors, the normal buyers of backlog of A3 deals has largely mated the continuing problems

> 1991. Led by Commerchank itself, the four year bullet issue is priced at 101½. Dentsche Bank Capital Markets led a A550m 14 per cent 1992 bond, priced at 101½, for DSL Bank, the West German government • owned fluorial institution. Societe Generale Australia, Societe Generale Australia, guaranteed by the parent company, issued a A\$35m 14½ per cent bond, mainting in 1890. Led by Hambros Bank, the deal is priced at 101½. Syndication was going alowly, according to the lead manager, but the issue was trading within fees

145% -- 1 - EIROAS 14 0%

the lion's share of A\$ bond been cleared. Until this week, in the Australian econ

SOND VIELDS

in the red in October, followed by A\$685m in November. The outlook for commodity exports remains weak; it looks as though both the price and volume of exports will be down after Australia's forthcoming negotiations with Japan.

The outlook for grown also looks weak. Australia's gross domestic product is officially predicted to increase by 2.25 per cent, according to estimates in the budget for the fiscal year 1986-87. Yet the economy will be lucky to grow by 1 per cent, according to many independent economists, and some believe 0.5 per cent may be a more realistic figure.

Nevertheless, the currency has been remarkably strong recently, after a turn in market sentiment which many econo-mists find hard to explain, although the Australian equity atthough the Australian equity market has been hitting new highs almost every day. The Australian dollar has recovered well beyond the public's expectations, and was trading yesterday at US\$0.6640. The the lion's share of A\$ bond issues, appear as keen as ever to tuck into high-coupon deals. That is not surprising when puper from good quality A\$ borrowers is paying coupons around 14 per cent, compared investor-driven aspect of the with yields of around 6 per cent for West German government been cleared. Until this week, in the Australian economy, well beyond the public's expectations, and was trading to tighten the budget deficit have won praise, budget deficit have won praise, showever? The government's expectations, and was trading yesterday at US\$0.6640. The budget deficit have won praise, budget defict have won praise, bud

### **Building society Eurobond** debuts well received

THE HALIFAX and the Abbey National, the two largest UK adjusting the pricing to make building societies, made debut it slightly more generous to the appearances in the Eurodollar investor, Morgan Guaranty said. appearances in the Eurodollar fixed-rate sector yesterday, with deals that were well received. The issues followed the 1986 Building Societies Act, which came into force on January 1. This allows them for the first time to issue in foreign cur-rencies, provided that the proceeds are swapped back into

This means that the building societies can obtain floating-rate sterling funding at more comsterling funding at more com-petitive rates than they could achieve when they were able only to issue sterling floating-rate notes or fixed-rate bonds. Halifax was first off the mark with a \$150m 7½ per cent five-year deal, priced at 100½. But before this, indicated terms on the Abbey National's issue—a 74 per cent coupon and five-71 per cent coupon and five-year maturity—had appeared on Reuters' screens. This \$200m deal was launched later in the day, paying a 71 per cent compon over five years, and priced at 1001.

Morgan Guaranty, the lead-man-ager, said the Abbey National's deal had been delayed by a late change in its documentation. This was the removal of a clause stating that a change in the corporate structure of the occ-sty, such as its becoming a public limited company, would allow inves-tors to reclaim their money. This clause has been a standard feature of

previous building society issues.

The change had entailed In fact, there was little to choose between the two deals: the Halifur's issue was launched on a yield margin of about 95 basis

INTERNATIONAL

points over Ul Treasury bonds, while the Abbey National's was
a couple of basis points more.
The Halifax issue traded at discounts to issue price within the cost of co-managers early in the day, although it slipped slightly after the appearance of the Abbey's deal. Late in the afternoon both were quoted at prices around the level of the total fees.

Elsewhere, Eurodollar fixedrate bonds were marked slightly higher where changed in lack-lustre trading.

Drexel Burnham Lambert

International amounced a dealers said one of the hig 3175m zero-coupon bond for banks had been short of the Bend Brewing Heldings, the subsidiary of the Australian Bond Copporation. The deal was backed by a letter of cradit backed by a letter of credit from the National Australia Bank. There were sew co-managers, and Drexel said it had placed most of the issue The four-year deal was priced

Mitsui Fluance International led a NZ\$50m three-year 17 per cent issue for the New Jersey-based Prudential Fund-ing Corporation. The issue, priced at 1014, is swapped into US dollars. The deal was quoted within the 13 per cent total

Prices of D-Mark bonds rose Prices of D-Mark Johns rose by between and a point helped by the firmer New York bond market over the previous night. But Chrysler's DM 150m issue was quoted as low as 97t bid, outside the level of its 2½ per cent fees. Hammerson Property Investment and Development's recent DMIJOm issue was recent DM150m issue was quoted at about 98 bid, against

quoted at about 98 bid, against a par issue orice.
In the Swiss franc market prices were firmer in higher volume, although the equity market is drawing attention away from bonds at the moment. Vorariberger Kraftwerke's SFr 100m 44 per cent 10-year bond closed its first day's trading at 1001, compared with a par issue price. This with a par issue price. This level surprised the market, and dealers said one of the hig banks had been short of the

seven-year 41 per cent note for American Express Bank. The issue, priced at 100, was quoted managers, and Drexel said it in the grey market at about 99 had placed most of the issue bid. The denominations are The four-year deal was priced SFr 10,000 and SFr 100,000, at 72.86. Fees totalled 11 per which is unusual for a place-

#### Chinese rural bank to expand interbank dealings

BY ROBERT THOMSON IN PEKING

THE Agricultural Bank of had been poor until this year China intends to expand and "they could not help each dramatically its interbank other" with interbank facilidramatically its interbank other with intermed the dealings by establishing five the Statistics released by Zinhus, areas, areas regional interbank centres, and plans to open a bill discounting market, Ma Yongwei, the the official news agency, showed that interbank dealings by branches of the bank in 11 bank's president, told a Press provinces was just over US\$4bn in the 11 months to November.

Reforms in China's banking system have encouraged the six banks, of which the rural bank is one, under the People's Bank, the central bank, to develop an interbank market for their market.
The Chinese Government has branches and to experiment with financial devices. Mr Ma new services to customers, so opening a securities market, though no details were released of its exact nature.

The Agriculture Bank, as its senior branches in China, more name suggests, specialises in than 2,000 sub-branches, and providing banking facilities to rural areas. Mr Ma said communication among branches credit co-operatives.

#### Japanese banks issue Ecu CDs

By Alexander Nicell

TWO CERTIFICATE of deposit isquance facilities in European Currency Units were announce vesterday for London branche of Japanese banks.

Fuji Bank appointed Chemica

Bank International as sole dealer and arranger for an Ecu250m uncommitted five-year facility, the largest to date in Ecus. It will issue CDs with a maximum maturity of a year.

Tokai Bank also appointed Chemical for a similar Ecul00m facility.

encouraged banks to expand their deposit bases by offering Separately, Toshiba Inter-national Finance, finance sub-sidiary of the Japanese elecsidiary of the Japanese electronics group, is expanding its Eurocommercial paper programme from \$70m to \$100m and has appointed Shearson Lehman Brothers International and Swiss Bank Corporation International as dealers alongside Citicorp Investment Bank, or the project of the project of the funding, said the facility would be for four years with the possibility of extending it the Agricultural Bank has issued bonds in several cities in the past year. The bank has 30

#### Record UK syndicated property funding facility

BY PAUL CHEERWAIT, PROPERTY CORRESPONDENT

THE LARGEST syndicated to seven years at the option of property funding in the UK has the borrowers. Interest will be been underwritten by 10 at a floating rate, but Connty British, European and Japanese would not specify the exact banks, County the NatWest figures until the syndication is merchant banking subsidiary, complete.

merchant banking subsidiary, announced yesterday.

It is a £270m (\$397m) facility for Rosehangh Stanhope, the pioint venturers developing, with British Rall Property Board, the Broadgate office and shopping complex in the City of London, the largest scheme of its type in Rurope.

The funds will be used to finance the sixth and seventh phases of the project that creasing interest of Japanese between them will provide institutions and companies in the sterling property market.

The other underwriters are Credit Agricole of France, Credit Rapic of France,

Credit Agricole of France, United Bank of Kuwait and, from the UK, NatWest Invest-ment Bank, National West-acinster and Robert Fleming.

#### Paribas woos international investors

By George Graham to Paris PARIBAS, the investment bank which is next on the privatisa-tion list of the French Government, has begun to sell itself to international investors and is set to launch its full offer for is set to launch its full offer for sale in two weeks' time.
Neither the French Treasury nor Paribas will admit to having fixed the date, but thousands of bank branches around Paris are already telling their customers that the flocation will begin on January 19.

flotation will begin on January
19.

The Treasury is already gathering tenders from French institutional investors. They have been invited to tender for 20 per cest of the group's capital at a price 2.5 per cent above that fixed for the public offer, which will cover a further 25 per cent of the capital, as well as the conversion of the non-voting certificates of investment, which make up a further 25 per cent.

ment, which make up a surther 25 per cent.
The certificates of investment were suspended earlier this week at FFr864, down from their peaks above FFr900 but still 38 per cent up from the issue price of FFr625 a year

#### Tokyo stock index futures plan criticised By Our Flauncial Staff

RENEWED CONFRONTATION between the Japanese banking and securities industries over the issue of stock index futures appeared to be looming yesterday, after a prominent banker publicly expressed doubt whether the proposed market in these instruments was necessary.

Mr Yoshio Araki, president of Fuji Bank and current chairman of the Federation of Bankers' Associations of Japan, said he supported the development of financial futures markets since they "would play a large role in promoting financial liberalisation."

But he added that "in the case of stock index futures trading the stock index fatures trading the stock index fatures trading the stock index likely is regarded as if it were a financial instrument." Such a view would change radically the concept of financial instruments, with a resulting powerful impact on financial transactions as a whole.

ful impact on financial transactions as a whole.
The securities industry has been gearing up for the nossible introduction of stock index futures trading as early as this year, with the Osaka stock exchange promising to introduce a limited form of trading in April. The Ministry of Finance has set up a of Finance has set up a specialist committee to study the subject, while the Tokyo Stock Exchange has also been considering the potential.

YER STRAIGHTS
Anter, Eyer, OS Cr. 5% 91 20
Denourk 6% 96 20
GMAC 5% 91 20
GMAC 5% 95 20
Swesten, Kingdom 5% 95 20

1815, 1845, 1945, 17 2425, 1955,

### Better year for US insurers

THE US property-casualty insurance industry made 1986
operating profits of \$4.5bn,
according to a preliminary report by the Insurance Information Institute, AP-DJ reports,
The profit follows operating
The profit intion Institute, AP-DJ reports,
The profit follows operating
Though the industry's writtenpremium changes include
changes in both volume and
price, Mr Sean Mooney, the insurance improvement in operating results largely to increase to
most of this year's increase to
most of this year's increase to The profit follows operating surance premiums. Total price changes, losses of \$5.6bm in 1985 and industry written premiums in In addition, the industry when in 1984, years in which creased by 22.6 per cent in benefitted last year from reunexpectedly large catostrophe 1988 to \$176.4bm. This follows duced catastrophe losses. In-

unexpectedly large catostrophe 1988 to \$176.4bn. This follows losses and an industry premium a gain of 22.2 per cent in 1985, war depressed results.

In the previous six years,

war depressed results.

Not income, after \$5.50n of increases in written premiums, realised capital gins and held down because of price \$1.50n of Federal tax credits, competition among insurance is estimated to have been companies, averaged 6 per cent.

In addition, the industry duced catastrophe losses. In-sured catastrophe losses during 1986 were estimated at \$871.5m. down 69 per cent from the record \$2.82bn in 1985. There were no catastrophes in 1986 with losses exceeding \$100m.

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

### \$45.1.48 | Change in Structure | Change Coca-Cota F. C. 17 90 NS
Dewrark 17c 99 NS
Dewrark 17c 99 NS
Utalizar Cap. 17c 97 NS
Capadanges City 9 NS Est
Capadanges City 9 NS Est
EIR 7y 97 Sets
EIR 7y 97 Sets
What Direct 99 NS Est
House Mrt. WW S7 90 F7
House Nrt. WW S7 90 F7
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Manitrain

| Commercial Commercia

† Only one market maker supplied a price. Builght Bender The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yes books where it is in billions. Change on week withous over price a week earlier.

teurent coupon.

Jeuvertitale Benefix Denominated in dollars unless otherwise hoticated. Chy. day=Change on day. Chv. date = First date for conversion into shares. Cnv. price = Nomina amount of bond per share expressed in currency of share at conversion rate fixed at of acquiring shares via the bond over the most recent price of the stares.

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中國一個自然學術的 医二氏性结合征 医二代性 工作的

This announcement appears as a matter of record only.

#### SPORTHUIS CENTRUM RECREATIE N.V.

Dfls 150,000,000

33/4% Convertible Subordinated Bonds 1986 due 1992/2001

Amsterdam-Rötterdam Bank N.V.

Rabobank Nederland

Bank Mees & Hope NV Nederlandsche Middenstandsbank nv Nederlandse Credietbank nv F. van Lanschot Bankiers N.V.

Morgan Grenfell & Co. Limited

Chase Manhattan Limited



U.S.\$2,500,000,000 Floating Rate Notes Due 1992

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 7th January, 1987 to 7th April, 1987, the Notes will bear interest at the rate of 6½ per cent. per annual Coupon No. 6 will therefore be payable on 7th April, 1987, at the rate of US\$7,656.25 from Notes of US\$500,000 nominal and US\$153,12 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd. Agent Bank



US \$100,000,000

Holders of Floating Rate Notes of the above issue are hereby notified that for the second interest Period from 8th August, 1986 to 6th February, 1987 the accumulated interest amount payable is US \$298.67 per US \$10,000

Bank of America International Limited

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VICE

#### **TECHNOLOGY**

#### FOOD RESEARCH

### Bouncing tomato leads push towards more varied diet

By David Fishlock, Science Editor

MOST readers over the Christmass season will have sat down truly new kinds of food than selected by Professor rations reasons—as distasted by Professor rations reasons—as distasted by Professor rations of Ranks Hovis Mc there will have opted for vegetarian those who, seeking the best of both worlds, will have one summed vegetarian food into facsimiles of made into nutritious facsimiles of rations from the sum of the sat distance in the same in the sa

It all seems to demonstrate two points—a variety of human tastes and a diversity of food sources. The first is undoubtedly true, and woe betide the food company which ignores customer preferences. However, as regards the second point, food sources are much more narrowly derived than most people think. More than 90 per cent of the world's diet

90 per cent of the world's diet comes from only 30 plant species. Eight cereal crops provide more than half the food calorie intake of the world's populations.

Food company researchers, working with biotechnology, have the power to broaden food horizons immensely, providing a more varied at well as a more abundant diet tailored to any abundant diet tailored to any national custom or need. But how far they can go down this road will depend heavily on customer reaction.

The products of new scientific techniques have aiready-begun to appear in the shops, in test-marketing programmes. Some 12m Americans have access to Kraft's Vegi-Snaz in super tarkets. These are small packs of raw vegetables improved by cellular genetics so that carrots are perceptibly more juicy, crunchier and sweeter than the regular crop, while celery snaps cleanly without those irritating "strings."
The same team of scientists
has created what it refers to as the "bouncing tomato." Redder, rounder, heavier, and with their own distinctive flavour and texture, these tomatoes will be in US supermarkets within two years.

Meanwhile, Twyford Plant
Laboratories, of Somerset, UK,

has done the same kind of thing for the date, fine-tuning its crispness and flavour for the many and varied markets where

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protein, a species of plant from truism of biotechnology—that the same family as mushrooms, the equipment must be failor-truffles, and the moulds that the equipment must be failor-truffles, and the moulds that the equipment must be failor-truffles, and the moulds that the equipment must be failor-truffles, and the moulds that the organism to be brewed. The spindly myco-truffles from glucose syrup, protein revealed some peculiar though in principle any plant characteristics when brewed by campbell Soup, a team of plant scientists is using the throughout the tonne.

The joint RHM-ICI venture, the plants themselves.

On a farm at Cimnaminson, the campbell Soup, a team of plant scientists is using the throughout the tonne.

The joint RHM-ICI venture, the plants and make them more over in three or four years,

plants themselves.

On a farm at Cinnaminson, near Philadelphia, once owned by Campbell Soup, a team of plant scientists is using chromosomal variation to make

related. The quest for a highsolids processing temato as a feedstock for soup is closely related to the quest for a high content of sugars and rich colour. But so dense is the feedstock fruit, it will bounce

firm in agro-chemicals and big in biotechnology, will have an dairy invariant and the time m biotechnology, will have an dairy inventories. About 20 per cent of the British market, for the maize is a realistic annually, is for the "strong" armlock on progress here.

corn (maire) is a realistic target. Combinations of "genetic tricks" and clever robotics in the laboratory could

"We thought it would be too
expensive to make, until
Imperial Biotechnology showed
us how," says Dr Barry Law,
running the research at Reading. For Imperial, Accelerase is the first of a portfolio of novel food enzymes that Dr Trevor Langley, chief executive. plans to bring to an industry which, he says, "knows a lot about technology but very little clude scents which develop about feembody which develop about the science." His plans in-savoury flavours and others which can eliminate an un-desired flavour such as bitter-

The key ingredient for Accelerase came from the Food Research Institute at Reading.

Dr Ron Coleman, the UK Government Chemist and senior scientist responsible for biotechnology, is eager to spend more generously on food science. Earlier this year he remained and companies which persuaded companies which included ICI, BP and Shell, as well as fledglings such as Twy-ford, to back a £3m, three-year collaborative research programme to invent a "genetic toolkit" that will facilitate future manipulations of crops.

The research programme has been organised so that it can harness the experience of some of the best plant scientists in British universities and in-

Dr Coleman is keen to organise more research collaborations of this kind, with Government and industry sharing the cost. What is holdspace, it could cut shipping tuitious convergence of bioscientists at Strathclyde ing him back is that he is failcosts and facilitate easier manufacture of soup.

The other touch of the sugar, has commissioned to the sugar, has commissioned to the sugar, has commissioned to the sugar in back is that he is failing him back is that he is failing the costs and sugar, has commissioned to the sugar, has commissioned to the sugar in back is that he is failing the costs and sugar, has commissioned to the sugar, has convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is that he is failing the costs and convergence of bioscientists at Strathclyde ing him back is the fail of the costs and convergence of IDA-LEADING IN PRINTER TECHNOLOGY

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#### Flights of fancy in Harrier jump jet

By Geoffrey Charilsh

SINGER Link Miles of Share ham, UK, is to supply the Royal Air Force with mission simulation systems for the British Aerospace Harrier GR Mk 5 aircraft. The whole development and supply con-tract is thought to be worth about £20m.

The design uses what is believed to be the first proven "eye-slaved" visual system, which detail is enhanced in the direction in which the

pilot is looking.

In flight training for military pilots is so expensive that simulators are now a vital part of most air force's equipment. Such systems provide a complete replica of the alreraft's cockpit and an external computer-generated view which changes according to the pilot's flight pattern. Nowadays such simulators gives a very convincing impression of reality.

The new Harrier software also simulates the aircraft's avionics and weapons, the bombing system, the forward looking infra-red (FLIR) system (allowing for night vision) and the head up display (which allows the instru-ment panel's image to be seen through the windscreen).

Singer Link Miles' visual unit, called Esprit, measures the eye movement of the pilot using helmet-installed systems and produces an enhanced-detail image on the inside of a surrounding dome in the direction in which the pilot is looking.

This beips solve a serious problem in flight simulation the vast amount of comput-ing power needed to change detailed images in real time. By providing fine details only where the pilot is looking, realism is increased and computing power kept down.

can give it tastes like ham, chicken or prawn. Moreover, the taste and texture anyive until it is swallowed.

The uniteral filamentary arructure of mycoprotein lends itself to "combing" into muscle-like structures by the food proces-sor. This has allowed manufacturers to experiment with simulations of poultry and seafoods. But the use of mycoprotein has been held back by the problem of brewing it in sufficiently large quantities to satisfy even Sainsbury's market for savonry likes to meet other

biotechnology talent, to scale up production of mycoprotein,

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protein is variously described has now cracked the problem, as "mushroomy" and "damp with new plant expected on-cardboard." But the scientists stream early this year, Sainscan give it tastes like ham, bury's should then be able to chicken or prawn. Moreover, expand its test-marketing of savoury pies, which at present are sold in only 101 of its shops.

Other food novelties based on mycoprotein — now trade-named Quorn—should be in the shops during this year.

Nevertheless, both RHM and ICI remain keenly aware that their technology must compete with vast natural sources of protein, such as Japanese efforts to "hoover" the deep ocean for abundant marine life that can be used as raw material from which used as raw material from which

Sainsbury's market for savoury pies, much less to meet other innovations.

In 1984 Ranks Hovis McDongali (RHM) embarked on a joint venture with ICI, methods of cross-breeding, the dramatic improvements in farmis a staple of diet. which the company claims to be For example, dwarf varieties of project, the world's first entirely new cereals, channel proportionally Contracts and Tenders

where traditional breeding needs where traditional presum needs eight-12 years to create a new hybrid. The team is accentuat-ing what it sees as desirable characteristics of the crop and suppressing the less desirable

frames, and complexity of plant compared with human plant compared with human plant compared with human genes. But the food industry is also very wary of public reaction. "People don't want alien genes in their food," says of Campbell Soup. Then Wall Street financiers persuaded Dr Sharp.

At General Foods of the US, coffee means as much as the compared with human genes. But the food industry is also very wary of public reaction. "People don't want alien genes in their food," says of Campbell Support of the US, coffee means as much as the compared with human genes. But the food industry of plant compared with human genes. But the food industry of Rod Sharp, the lab's director, to go independent. Campbell backed him by taking a 15 per cent stake in the new venture, providing the labs, and commissioning research on two new kinds of tomato. kinds of tomato.

One is a better tomato for making soup. Much denser, while containing more flesh, not so much fluid and less empty space, it could cut shipping

MINISTRY OF TRADE

ENAPAL

Notice of International Invitation to Tender N/03/87

The Enterprise Nationale d'Approvisionnement en Produits

Alimentaires (National Food Supply Company) ENAPAL issues

an International Invitation to Tender for the supply of:

1,000,000 and over boxes of 24x500 GRS units of "A Lahda"

Interested companies may collect the specification against payment of 200 DA (Algerian dinars) from ENAPAL, 29 Rue Larot Ben M'Hidi Algiers.

Tenders in duplicate together with the statutory documents should be sent to the above mentioned address in double

scaled envelopes, the outer envelope only bearing the following

International Invitation to Tender N/03/87, not to be opened. The final date for submission of tenders is 30th January 1987.

Tenderers will be committed to their tender for 60 days from

the closing date of this invitation which is addressed only to producers and bodies specialising in marketing in accordance with the provisions of Law No. 78-02 of 11th February 1978 relating to state monopoly on overseas trade.

الجزائس - ALGERIE

DNAP, despite its name, is not tinkering with genes. Dr Sharp stresses that "genetic engineering" in plants is still far off, not least because of the sheer size and complexity of

on this commodity, for example by creating a low-calleine ar caffelne-free bean Similarly Hershey, the US chocolate products group, is funding research into a cocoa

bean richer in cocoa butter. Dr Sharp speaks of a for-

year breeding cycle for a com-mercially important new corn. "It may not sound as sexy as making herbicide - resistant plants but it's a lot more realistic," says Dr Kaman.

Turning to organisms used in plant compared with human genes. But the food industry is also very wary of public relation. "People don't want alien genes in their food," says Dr Sharp.

At General Foods of the US, coffee means as much as the tomato does to Campbell. DNAP sold the idea that it could bring its science to bear on this commodity, for cesses used today.

Turning to organisms used in many traditional foodmaking many traditional foodmaking many traditional foodmaking many traditional foodmaking to protect the placethoologies — brewing, beating the protection protection protection protection processes used today.

Even an industry as immutable as Scotch whisky is awakening to the possibilities of bio-technology. Chivas, distillers of such as The Glenlivet and Chivas Regal, has commissioned

# الجزائر - ALGERIE

#### MINISTRY OF TRADE ENAPAL

Notice of International Invitation to Tender N/02/87 The Enterprise Nationale d'Approvisionnement en Produits Alimentaires (National Food Supply Company) ENAPAL issues an Invitation to Tender for the supply of:

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### Brokers criticised over share raid

THE \$44m noon raid by stockbrokers Laing & Cruickshank on the shares of Mercantile se has prompted criticism from a number of institutions which sold to Laing. They claim they were misled

about the nature of the approach by the broker, which was acting for Crownx, a large Canadian insurance group.
The institutions say they were led to believe that the Crowns approach to Mercantile was a friendly one, meaning it would not lead to a full takeover bid at a later stage. Crownx has however left open the possibility that it may make

further proof that Laing was fully informed about Crownn's intentions. It made them more willing to sell their shares than they might have been to a completely unrelated broker.

"We are unhappy," said one fund manager who sold part of the would look at this Mercantile holding to Laing.

fund manager who sold part of
his Mercantile holding to Laing.
"It seems to be a question of
the right hand not knowing
what the left is doing at Laing.
"The person I spoke to it
Laing was under the impression the buyer was a friendly
party. I don't know whether
he was in full possession of the
facts. It is certainly very
embarrassing for Laing."

This fund manager said Laing

This fund manager said Laing

The person I spoke to it
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over hid at a later stage. Party. I don't know whether he was in full possession of the the possibility that it may make a bid.

The affair has been complicated by the fact that Laing is a fully-owned subsidiary of Mercantile. This, some fund the possibility of Mercantile. This, some fund the possibility is a fair crownx was a fully-owned subsidiary of mercantile. This, some fund the party is certainly very profuse and cleaner."

Neither Laing nor Mercantile specialist in this sector of the managers held the shares. This fund managers held the shares. The fund managers held the shares. The profuse apology after crownx was a fully-owned subsidiary of mercantile to carry the fund the profuse it as accurate to describe the crownx purchase as "friendly."

However, he said he still out to Laing that there could be expected Laing to provide a full no question of their saving if Crownx would make a full bid Another fund manager who had not sold shares during the raid commented: "If we had bene involved we would look at out thet raid might have been

Bernard Simon in Toronto on Crownx's move into UK moneybroking

### Seeking to expand Mercantile connection

TWO DEALS this week vividly illustrate the broadening horizons of a handful of powerful Canadian financial service conglomerates.

Crowns, a Toronto-based group whose interests range from Crown Life, one of the country's top ten life insurers, to a leading North American health care chain, paid C\$50m for a 15 per cent stake to Mer-cantile House, the British financial services group.

The purchase makes Crowns the largest single shareholder in Mercantile.

The second transaction involves Laurentian Group of Montreal, another diversified financial services group, which has opened a window on the securities business by raising its interest in domestic securities dealer Geoffrion Leclerc to 24 per cent, with an option to become majority holder after

Geoffrion will also gain an important new international dimension with the purchase of a 20 per cent interest by Indo-suez, the French investment bank.

Both Crownz and Laurentian already have extensive husiness interests outside Canada.



Mr John Barkshire, chairman of Mercantile House

in Canada, the US and Britain.
Laurentian's subsidiaries include Imperial Life, which in turn owns Trident Life, one of Britain's Leading life companies. Britain's leading life companies. A US subsidiary, Loyal American based in Mobile, Alabama, has made a number of acquisi-

Mr Winston Ling Crowns's executive vice-president describes the Mercantile acquisition as an effort to expand

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Midlands Convenience Stores pic is a new company formed by members of management and a syndicate of investors to

develop and operate Sperrings Convenience Stores under licence from Sperrings Franchising Limited.

The following syndicate subscribed for shares in Midlands Convenience Scores ple:

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glomerates' foreign expansion has been spurred by Canadian government moves to curb the growth of integrated financial service companies.

now underway in Canadian financial markets, the federal authorities proposed last month that the integrated groups should not be allowed to form new trust, loan or insurance

companies.

If the latest proposals become law, all non-bank financial institutions with links to commercial and industrial groups will have to issue at least 35 per cent of their shares to the public.

Furthermore, commercial groups will be barred from acquiring or raising significant shareholdings in any financial institution with a capital of more than C\$50m. The con-glomerates will however, be allowed to maintain their existing businesses.

The new curbs are the prothe new curos are the product of mounting concern over the potential for abuse created by the far-flung interests of these groups which cover both the financial sector and a wide variety of industrial and com-mercial interests.

This amouncement appears as a matter of record only.

Delecare plc is a new company formed by members of management and a syndicate of investors to develop and manage high quality residential musing homes for the ekterly.

The following syndicate subscribed for shares

in the company:

Investors in Industry ple Close Investment Management Limited

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Thompson Clive Venture Capital Funds

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The syndicate leader was

Investors in Industry plc

biggest conglomerates — Brascan, which is controlled by the Toronto branch of the As part of sweeping reforms liquor family (of Seagram As part of sweeping reforms liquor fame), and Power Corp. ow underway in Canadian controlled by the Quebec entre-inancial markets, the federal preneur Mr Paul Desmarais.

Although smaller, Crownx is a good example of the diverse interests of the conglomerates.

Controlled by members of the
Burns and Jodrey families, and
Canadian National Railways, the company had its origins in the late 1960s in the health

Since then, it has grown into a diversified group with earn-ings of C\$58.3m in the nine months to September 30 from revenues of C\$603m.

Crownr's health care arm known as Extendicare, operates almost 200 nursing homes in North America, as well as a number of clinical laboratories and mobile clinics.

Another subsidiary, Crown-tek, sells a wide range of computer and information technology services. Its activities include the distribution of micro-computers and software, microfilm, and an airline bank settlement system.

Crown Life operates in the US, Britain, the Caribbean and Hong Kong. The company also owns 40 per cent of Beutel Goodman and Co, a respected Goodman and Co, a respected be on an international basis, Toronto-based investment consultancy which manages the Dynamic group of mutual funds

Besides its insurance and investment company controlled—in most cases by which provides quasi-banking one or more of the handful of services. A California subfamilies which dominate can sultancy which manages the Dynamic group of mutual funds

Besides its insurance and investment company controlled—in most cases by which provides quasi-banking one or more of the handful of services. A California subfamilies which dominate can sidiary, Private Ledger Financial Services, distributes mutual funds

The main targets of the funds, securities and tax shelter investments. Besides its insurance and

#### MAI to remove LCAH bid conditions By Clay Harris

MAI moved last night to bring its hid for London and Continental Advertising Holdings to a swift conclusion by agreeing to waive two conditions of its offer if h wins more than 50 per cent of the outdoor poster group. The financial services and The financial services and advertising group yesterday extended its 118p cash offer, which values LCAH at £35.5m, until Friday. Mr Clive Hollick, managing director, said that MAI now controlled about 38 per cent of LCAH, having received acceptances for 8 per cent to add to its own 29.99 per cent holding. MAI said that it would make its offer unconditional

make its offer unconditional ence it got a majority and that it would waive its previous insistence that LCAH the well are asset value of at least £10.1m and that certain tax clearances be obtained.

LCAH had cited the conditions as a stumbling block to the unanimous recommendation of the offer. The com-

pany was not available for comment last night.

It appeared, meanwhile, that Piccadilly House, the Australian-linked investment per cent of LCAH, was soften-ing its opposition to the MAI effer.

Yesterday's developments
left its position unchanged,
said Piccadilly's financial
advisers, Barslays de Zoete
Wedd, but a recent sharp rise
in MAPs share price had
made its 27-for-100 alternative more attractive. At 460p, LCAH shares are valued at 124p, against yesterday's market price of 115p.

"At least we've got a poten-tially serious offer," Mr Richard Heley of RZW said, MAI now appears to be less concerned about the possible continuing presence of a large minerity.

#### **Holmes Protection** purchases By Charles Batchelor

Holmes Protection Group, formerly SCUSA, a New York based electronic security group listed on the London Stock Erchange, is paying \$8.3m (£5.6m) for the busi-

sc.am (20.5m) for the businesses and assets of three local security companies.

It has acquired Safeguard Protective Systems of Manhattan; Linus Alarm Corporation of Suffelk County, Long Island; and Badio Savreit. Island; and Eadio Surveil-lance of Southampton, Long Island. These three companies generate \$4.1m worth of reservice

This follows a placing last month of \$45m senior notes with an interest rate of 8.7 per cent over five years.
This was used principally to repay loans but leaves funds for acquisitions and capital investments.

#### Pru expands estate agency

Pradential Property Services, Britain's second largest estate agency chain, has strengthened its coverage in the East Midlands with the acquisition of Edward Bailey and Son, one of the leading estate agency firms in Nottinghamshire.

tinghamshire.
As unal, no details of the sequisition costs have been given. However, last year Prapald on average over £350,000 per branch for its overall acquisitions.
The Newark based firm handles around 2,500 residential property sales each year worth seme £70m from nine offices.

The latest acquisition brings the number of estate agency branches of Prudential Property to 346, filling in the branch network in the Mid-lands between the existing presence in Leicesterskire and South Yorkshire.

### New Zealand insurance group builds stake in Hill Samuel

group, it emerged yesterday.

Hill Samuel's shares climbed 18p to close at 428p last night, up from about 360p early last

month.

NZI is one of the biggest public companies in New Zealand, but has only limited general insurance and reinsur-ance interests in the UK. Its principal operating areas are Australasia and Asia.

Mr Castleman said that usual delays in updating the share register meant that he had as yet no firm idea of the size of NZI's stake. "We will treat

### company, Moville. dealt At the heart of the offer is ment

BY CHARLES BATCHELOR Valuedale, the speciallytreated company, which is
making a £173m partial takeover hid for Simon Engineering
in the form of a management
buy-in has been elected by
Mr Paul Channon, Trade Secretary, to go shead with its
offer.

offer.

The decision not to refer the dend to 1.7p (1.5p) for a total valuedale bid to the Monopolies and Mergers Commission was welcomed by Valuedale yesterday. Initially the Office of Fair nise the growth prospects of the Trading had ruled the Valuedale offer did not constitute a
bid and so was not liable to a
Monopolies review, but lobbying
by Simon led to the OFT chang-

sing its mind.
Simon is today expected to unveil its profits estimate for 1986 and to make a dividend forecast. In the first half of the year pre-tax profits rose from £9.7m to £10m. Valuedale had won the support of just 0.06 per cent of Simon's shareholders by the second closing date of

NZI had made no approach to Hill Samuel, and the mer-chant bank had not been notified that its stake exceeded 5 per cent

Mr Castleman said that usual

NZI Corporation, a New Zealand insurance and financial services group, has built up an undisclosed stake in Hill banking group, it emerged yesterday.

Mr Christopher Castleman, them simply as a new institutional shareholder," he added. Speculation centred yesterday on the possibility that NZI and taken could be seeking to take over the could be

Bank, in Australia. Hill Samuel, however, has been the subject of stock market takeover speculation for many years, with Merrill Lynch, the US financial services group, and Westpac, the Australian bank-ing group, often named as potential bidders. See Lex

#### Howard and Wyndham receives bid approach

Through a Cayman Islandsregistered company, Inter-mediate Securities, which be owns and controls, Mr. Gold is offering 15p in cash for each Howard and Wyndham share. They closed 2p lower at 20p yesterday.

Fiduciary Management Services, another Cayman Islands company controlled by Mr Edward St George, a barrister and brother of Lloyd's underwriter Mr Charles St George, has aleady given undertakings that it will accept the offer on behalf of its 26.22 per cent

stake.
The offer is being made in H and W's chairman and man-aging director, who controls 25.5 per cent of the company's

Mr Gold, himself, acquired a 21.39 per cent interest in the company last September from former H and W director Mr Matthew Bredon. The offer is

MR ABRAHAM GOLD, a Canadian retailer now based in the Bahamas, is making a £2.7m unconditional bid for Howard Wyndham. In Howard Wyndham, the loss-making investment holding company whose interests include a stake in publisher W. H. Allen and another in jewellery business, Ciro Inc.

the Ciro jewellery business originally wholly-owned by originally wholly-owned originally wholly-owned by originally wholly-owned and after a number of stakes or an area of the control of the cont incorporated Delaware com-pany — bid for the outstanding equity in late 1983.

Howard and Wyndham cur-rently controls 18.6 per cent of the Ciro Inc votes through its stake in the common stock and owns 50 per cent of Financiere Ciro, which in turn has a further 48 per cent of the

According to bankers Henry Ansbacher who are advising Mr Gold, those interests, together with stakes already held by Mr Gold, FMS and agree-ments reached recently with other principal shareholders would give Mr Gold control of Ciro Inc.

Mr Gold himself is a Canadian who built up a retail chain in Canada which he then sold to Marks and Spencer in the 1970s. He remained on the board until 1984, when he retired and now

lives in the Bahamas. Yesterday, Ansbacher could not elaborate on future plans for the 28.8 per cent stake in publisher W. H. Allen nor what Matthew Bredon. The offer is might happen to the company's not required to be made to Mr leasehold premises in Park Fields and his Delaware-based company, Moville.

Street, but said this would be dealt with in the offer docu-

Steetley buys

Steetley has bought Brazil Aggregates and Brazil Concrete for a total £5.15m, of which £3.77m is in cash and the balance satisfied by the issue of \$03,737 shares. Both companies says the south companies says the south cost

303,737 shares. Both com-panies serve the south east of England.

#### Fothergill profit forecast attacked By Nilld Tait

Courtaulds, the textile group which is waging a £28m bid for Fothergill & Harvey, yesterday dismissed the Lancashire-based advanced and insulation materials manufacturer's recent

materials maintained inconsistent with both its financial record and its earlier statements."

NO 9-8/8! In a new document to share-holders, Courtaulds claims that there is a strong commercial case for its bid, and that by virtue of its resources, the tex-tile company is offering a longer-time horizon to Fair

businesses.

As far as the 50 per cent stake in Cyanamid Fotherstill is concerned — which F&H claims would be bought out if the bid went ahead by Amarican Cyanamid, the other joint owner—Courtaulds says that it enticipated the huvour outline. anticipated the buy-out ostion and that Cyfo's capability could be replaced by Court-aulds. It says there are plans to establish a similar operation

in California Yesterday, however, Farif said that Courtailds had been "very selective" in the comparisons it had made and the extracts it had quoted from the company's interim statement. The comments on Cyfo were "quite amazing" and did not take into account the time, as well as the cost, of establishing such a business.

See Lex

#### Net asset boost Valuedale gets green light for Bryant

By Clay Herris

Bryant Holdings, the Midlands housebuilder, said yesterday that its net assets were worth 187p per share, against the 135p being offered by English China Clays.

Schroders, advising ECC, last night described as highly unusual the profit forecast for a year that does not begin until

a year that does not begin until June. It also questioned the consistency of valuations unde taken by some two dozen differ-Revaluation had increased its

net assets by £109.1m to £193.8m

net assets by £109.1m to £193.8m after taking into account potential taxation of £46.2m, Bryant said. ECC's three-for-seven bid values Bryant at £108m.

In its latest defence against the bid from the clays, quarrying and construction group, Bryant also forecast a pre-tax profit of more than £26m in 1987-88 after a predicated profit of more than £21m in the year to May 1987.

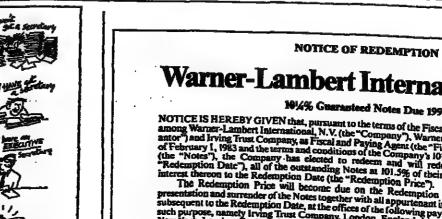


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Warner-Lambert International, N.V.

NOTICE IS HEREBY GIVEN that, pursuant to the terms of the Fiscal and Paying Agency Agreement among Warner-Lambert International, N.V. (the "Company"), Warner-Lambert Company (the "Guarof February I, 1983 and the terms and conditions of the Company in and Paying Agent (the "Fiscal and Paying Agent") dated as (the "Notes"), the Company has elected to redeem and will redeem on February I, 1987 (the interest thereon to the Redemption Date (the "Redemption Price").

The Redemption Price will become due on the Redemption Date and will be made, upon presentation and surrender of the Notes together with all appurtenant interest coupons, if any, maturing such purpose, namely Irving Trust Company, London, England; Morgan Guaranty Trust Company for New York, London, England; Irving Trust Company, Main Office, New York, New York, New York, Main Office, Basel, Switzerland; Societe Generale, Main Office, Parissels, Belgium; Swiss Bank Corporation, Aktiengessellschaft, Main Office, Frankfurt, The Federeal Republic of Germany; Banque Office, Amsterdam, Netherlands.

On and after the Redemption Date, interest shall cease to accrue on the Notes and the sole right of a be detached from the Notes and presented for payment in the usual manner.

Dated: December 31, 1986

as Fiscal Agent and Paying Ageni

necessary in the launch of a new company. THE CREATIVE USE OF MONEY

Berchys de Zoete Wedd Ltd

... But | have a CAMPBELL-JOHNSTON Executive Secretary CJES

#### **UK COMPANY NEWS**

Pepe profits

jump 42%

as demand

Pepe Group, USM quoted designer, importer and whole-saler of casual wear, lifted pre-tax profits by 42 per cent from £1.85m to £2.65m for the time transfer to Executable 200

six months to September 30

increases

comment

### PWS tops forecast with 71% profit lift to £8.5m

BY NICK BUNKER, INSURANCE CORRESPONDENT

insurance broking group led by Mr Ronnie Ben-Zur, boosted pre-tax profits by 71 per cent to £8.45m in the year ended September 80.

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lill Same

It overshot by a £150,000 margin its own estimate of group profits of £8.3m, made in October when PWS launched its falled takeover bid for C. E. Heath, the UK's sixth biggest quoted broker. PWS shares closed 2p up last night af 514p.

Net brokerage income was up 10 per cent at £15.5m in line.

10 per cent at £15.5m, in line with the group's estimate, but included a one-off item of £1.6m arising from a refinement of income recognition policy of subsidiaries. Group profits after taxation were 25.3m (£2.5m), with earnings per share up 78 per cent at 21.6p.

PWS reported an extraordinary charge of £3.2m, including £1.27m spent on the abortive bid for Heath. The rest of the extraordinary item reflected reorganisation costs arising from the formation of PWS Holdings last year from a merger between PWS International and Howard Group, Mr Ben-Zur's company. PWS directors said they were

**MEPC** shares

rise on BAT

stake disclosure

By Faul Cheeseright, Property

at 343p for a gain of 10p on the day. In fact the disclosure caused a flurry about nothing

It did not signify that BAT

NOTICE TO BONDHOLDERS NORSK HYDRO A/S 944% BONDS 1994

NOTICE IS HEREBY GIVEN that pursuant to Condition 4 of the Bonds, USS3,000,000 principal automat has been purchased by the Company in full satisfaction of the Jamiery 15, 1947 rademption instalment.

THE CHASE MANE/ATTAN BANK N.A.
Principal Paying Agent

in particular.

ghares,

PWS Holdings, the Lloyd's recommending a final net dividend of 4p per share (5.63p including associated tax credit).

More than half of the £3.5m jump in group pre-tax profits came from a 76 per cent leap in profits of the North American broking division of the former Howard Group.

The one-time Howard Group companies — which in 1985 took 70 per cent of their brokerage from the US and Canada — produced total pretex profits of 25.03m, up 52 per cent. The North American division produced £4.97m of this, up from £2.8m last year.

The former PWS Inter-The former PWS Inter-

national companies produced a "virtually unchanged performance overall," PWS said, with pre-tax profits of £3.4m, including the impact of the alteration in income recognition policy. Expeciations of future growth for the group as a whole had to be put in the context of market difficulties, higher sterling-dollar exchange rates, and bigger premium rates for errors and omissions insurance. "Against this, we are now seeing the cost benefits of the merger," PWS added.

#### comment

apathetically to such apparently healthy figures. Not a perverse reaction, give wo factors—first, the thin ricket for the stocks (Opticie. 3, the family trust of Kr Ronnie Ben-Zur, the group's chief executive, holds about 50 per cent); and, second, the accuracy of the second, the accuracy of the group's own estimates of forth-coming results. Yet these figures also underline the group's weaknesses — over-dependence on the former Howard Group North American reinsurance broking team, and the uninspir-ing performance of the old PWS International divisions, where back office rationalisation is no full substitute for the presence of talented business producers. No clear signs have emerged of an easier market in US liability rilsks (the class that accounted rilsks (the class that accounted for Howard Group's rapid 1985 earnings growth), putting a question mark over continued profit jumps. If logic points to diversification via acquisition, the difficulty will be finding a target (with C. E. Heath off limits)—so Mr Ben-Zur is more likely to try acquiring other brokers' executives.

### **Mitchell Somers shares** jump on bid approach

SHARES in Mitchell Somers, of DIY chain Dodge City, sold the engineering group, rose 15p a 6.2 per cent stake in the com-ners. The invers were believed MEPC, the property group, yesterday disclosed that sub-sidiaries of BAT Industries, to 145p yesterday after the pany. The buyers were believed group announced that an to be a group of Kuwaiti busi the diversifying tobacco group, are holding more than 5 per cent of its equity. approach had been made which The news enlivened a quiet property share market and sent the MEPC price to 355p before it settled back to close

The group's business is that of precision engineers and fabricators to the motor, serospace and defence industries. Operating profit was up to £1.15m (£582,000) and the text charge came to £866,000 charge ca (£468,000).

Tax was calculated at an effective rate of 37.5 (42.5) per cent. That was after charging £160,000 (£152,000) depreciatio charge on replacement cost and crediting £22,000 (£54,000)

In the six months to Sep approach had been made which might lead to an offer for the company. At the closing price, reported pre-tax profits up only the group has a market value of a per cent at £927,000 and its £23m.

Major shareholders in the group include Friends Provident (28.2 per cent) and M & G dependence on the heavier and Investment Management (14.5 of the engineering sector and Investment Management (14.6 of the engineering sector and per cent). In September, Mr increase its distribution in-Richard Northcott, the founder terests.

In line with expectations, the respect of the reduction in the

transfer from deferred tax in

Scot Inv warrants

for Pepe's merchandise.

Comment

Pepe, which designs jeans
and subcontracts their mannfacture to Hong Kong, is
benefiting from a shift back
to denim among the fashionconscious young. Inspired
perhaps by Levi's "laundrette
strinteaso" advertisement, the
public were so hungry for
Pepe's goods that the group
had to fly in extra stock.
Added to the cost of three
new showrooms in the US,
that meant a fall in margins.
But Pepe will not shed many
tests since the 47 per cent
sales growin and the failing
tax charge allowed the group
to show the kind of earnings
growin which should cryonic
the memory of 1985's unlappy!
fatation. The second half will
rely on cantinued demand for
jeans (including the new Big
Stuff range) to push prolanger run, the group is counting on expansion into Europe
and growth in its luitwear.
T-shirt and coloured trouser.
T-shirt and coloured trouser. It did not signify that BAT has been out on a buying spree in search of property assets. Rather it was a case of BAT administrators adding up the shareholdings of wholly-owned subsidiaries and finding that their combined holdings in MEPC were above the notification limit.

On December 31, BAT wrote to MEPC informing it of a holding of 18.5m shares.

The bulk of the holding is in the year ended September 30, 1986.

With earnings rising from 18.68p to 19.256p, the final dividend is 1.2p for a net total of the hands of Eagle Star Insurance, which has 11m shares as a portfolio investment.

Allied Dunbar, another BAT insurance acquisition, has 2.2m shares, Scottish Investment Trust is making a free issue of warrants on the basis of one for every five ordinary stock units. The ordinary stock up to February 15 1995 at 484p which is equivalent to the net asset value at October 31 1986.

Greup ......int #1.5

**DIVIDENDS ANNOUNCED** 

payment payment

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 6 months.

Feb 13

Current

Date Corres- Total of spending for

1 1.5

### Sandell Perkins advances by 34%

1986. Sales grew 47 per cent to £28.81m reflecting a world-wide increase in demand for Pepe jeans.

The company said yesterday that current trading day that current training remained buoyant.
After tax of £323,000 (£829,000) and minorities, stated earnings per 10p share, on weighted average basis, were ahead at 6.8p (4.3p). The interim dividend is maintained at 1.5p net—last year's total was 3.3p on £4.2m profits. man, said there had been a satisfactory performance by all sections of the business in the period. The second half had started well and he anticipated that, subject to reasonable building weather, the group would continue to make good rotal was 3.3p on 54.2m profits.

The company reported that a new brand of jeans introduced in the UK in June was well received and helped sales growth at home. The other European subsidiaries continued to expand and made record profits.

Pepe Clothing (USA) prospered with sales growing substantially. Profitability remained good despite the extra costs incurred in increasing showrooms to six across the US.

The Hong Kong procurement company was well established and this, compined with the new warehouse in Willesden, allowed the company to evercome any publicant increase in decays from the significant increase in decays.

The interim dividend is raised from 1p to 1.3p net from earnings per 10p share of 7.7p (5.6p)—the directors forecast at the time of the floation total of 3.8. Last year it was 3.3p

#### Rowntree buys US retailer

By Christopher Parkes

Rowntree Mackintosh has bought Gorant Candies, a small US confectionery retailing chain, for about \$7m (£4.8m). The group also announced yesterday that it had reached agreement to market Godiva chocolates in Canada through a chain of up to 20 new shops to be opened over the next few

years, Gorant has 28 shops, mainly

Gorant has 28 shops, mainly in Ohio, and turns over \$10m a year. Net assets involved in the deal total \$7m.

The purchase will complement the group's seven existing US confectionery outlets, which trade under the Laura Secord name. Rowntree also has 215 Secord shops in Canada and two Secord shops in Canada and two substantial fast food businesses

substantial fast food businesses in the US.

Retailing accounts for 20 per cent of the group's \$700m annual sales in North America, which, in turn, represents 40 per cent of total turnover.

Other North American interests include Tom's Foods, Sunmark and Rowntree

#### Electrocomponents' £6.5m expansion

Electrocamponents, distribu-tor of electrical and electronic components, is buying WM Lighting for a maximum of \$6.5m. WM is a supplier of light-ing products, both as distributor and through in-store tranchises.

sideration of 25m, of which 22 im will be paid in cash and the balance in loan notes. There will be further profit-related payments to a maximum of \$3.5m, with a minimum of \$1.5m, mainly in loan notes. WM was formed in 1981 and in the year to end-March 1986 reported pre-tax profits of £469,000 on sales of £10m. At that date not assets stood at

KODE INTERNATIONAL OR November 12 1986 sold its holding of 391,500 ordinary (7 per cent) of Al Braka Investment

BUOYANT TRADING conditions in the latter part of 1985 profit was £8.93m.

The pre-tax profit for the half group of building materials and timber merchants to show a jump in profits for the six months ended September 30 profits for the six months ended September 30 the group, which came to the market in September, lifted its turnover by 20 per cent, from £46.14m to £52.27m, and its pre-tax profit by 34 per cent, from £3.52m to £4.72m.

Mr Timothy Perkins, chairman, said there had been a satisfactory performance by all A site has been acquired in Weston-super-Mare where a branch was due to open in the spring. In addition the D. W. Archer subsidiary has opened a branch in Reading, bringing the group total to over 50

A number of branches have also had new tool-hire sections incorporated, in the group's move towards "one-stop shopcomment

September's flotation of Sandell Perkins was one of 1988's new issue success stories and the shares at 190p. 55p over the offer price, still reflect the warm glow the strong subscription list gave the stock. First half trading was dominated by an improvement in marries. an improvement in margins (up to 8.8 per cent from 8 per cent) arising from higher prices in some building materials and the growing contribution of the lucrative contribution of the incrative tool hire operation. With most of the earnings on the £5½m proceeds from the issue in the bank for the second half, full year pre-tax profits should reach £9m—a mild winter could even see another £½m added on. However, in time the company's alowness in implementing expansion plans could curb the volume growth on which it believes future earnings are directly dependent. On foredirectly dependent. On fore-easts of 29m pre-tax the shares trade on a prospective p/e of 14½, which seems just about the right kind or retail-element premium over its building materials colleagues.

SPONSORED SECURITIES

High	Low	Company	Price	Change	div.(p)	7	P/E
135	118	Ass. Brit. Ind. Ord	135	+ 2	7.3	5.4	8.3
147	121	Ass. Brit. Ind. CULS	145	_	10.0	6.9	_
40	28	Armitage and Rhodes	35	_	4.2	12.0	4.9
71	64	BBS Design Group (USM)	67	_	1.4	2.1	16.0
215	166	Berdon Hill Group	215		4.5	2.1	24.4
95	55	Bray Technologies ************************************	95	_	4.3	4.5	11.3
139	75	CCL Group Ordinary	130		2.9	2.2	9.2
107	86	CCL Group 11pe Conv. Pref.		_	15.7	15.9	_
259	116	Carbonindum Ordinary		_	9.1	3.4	13.0
93	90	Carborundum 7.5pc Pret			10.7	11.6	-
125	75	George Slair	91	_	3.8	4.2	2.3
97	57	Ind. Precision Castings	96	- 1	6.7	7.0	2.6
176	142	(sie Group	142	-	18.3	12.9	8.2
124	101	Jackson Group	123	- 1	6.1	5.D	8.4
377	290	James Surrough	325	~~	17.0	5.2	9.1
100	89	James Burrough 9pc Pref	89	_	12.9	14.5	_
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380	260	Record Ridgway Ordinary	353	_	_		6.3
100	83.	Record Ridgway 10pc Pref	83	_	14.1	17.6	_
89	67	Robert Jenkins	89	-	_	-	3.9
43	30	Scruttons	43	+ 1		-	
141	57	Torday and Carliale		-	5.7	4.0	8.5
340	324			-	7.9	2.4	6.7
79	42	Unitock Holdings (SE)		- 2	26	3.7	14.0
717	65	Waiter Alexander		+ 1	5.0	4 2	11.2
200	190	W. S. Yestes	196	_	17.4	8.9	19.6

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# HOUSEHOLD

Morgan Guaranty Trust Company of New York

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H J Joel Gold Mining Company Limited (Incorporated to the Republic of South Africa)

(Ragistration No. 85/01995/06)

COMPANY ANNOUNCEMENT

Shareholders are advised that boreholes LB12, LB15 and LB16, drilled for the purpose of pre-cementation of the No. 1 and 2 shaft area, have intersected the VS5/Beatrix composite reef at a depth of 1 126m below the surface. The bureholes are situated roughly in the centre of the mineralised area of the farm Leeuwbult No. 580, and the depths of the intersections are in agreement with the structural plan included in the shareholders' prospectus. The following values, which are consistent with the anticipated average value for the area, are indicated:

cm's 85,68 177,27 195,000 kg/t cmkg/t 0,531 45,496 0,025 A further 3 pre-cementation holes are being drilled in the area and are expected to intersect the reef horizon during the first quarter of this year.

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Introduction to Listing arranged by Schroders of 19,861,985 ordinary shares of 10p each

\$2,000,000 **Xxx**porised

6 January 1987

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£100,000,000

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Dresdner Bank AG Kredietbank N.V. (London Branch) Morgan Guaranty Trust Company of New York

The Sanwa Bank Limited S.F.E. Bank Limited-S.F.E. Group The Union Discount Company Limited

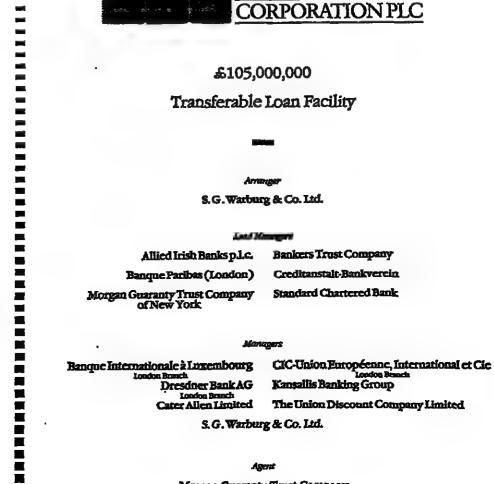
CIC-Union Européenne, Internationale et Cie DG BANK Deutsche Genossenschaftsbank Kansallis Banking Group Morgan Grenfell & Co. Limited

Tender Panel Agent

Security Pacific Hoare Govett Limited Union Bank of Finland Ltd. S.G. Warburg & Co. Ltd.

Samuel Montagu & Co. Limited

S.G. Warburg & Co. Ltd.



#### **REMY FINANCE B.V.** FRF 300,000,000

Guaranteed Floating Rate Notes due 1993 with an option to convert the floating rate into a 8 1/8% fixed rate

such Notes being unconditionally and irrevocably guaranteed

#### REMY & ASSOCIÉS S.A.

Issue Price: 100%

Société Générale

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Banque Nationale de Paris Bank of Tokyo International Limited Chase Investment Bank Limited Crédit Agricole Crédit Suisse First Boston Limited

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BankAmerica Capital Markets Group Caisse des Dépôts et Consignations Commerchank Aktiengesellschaft Crédit Lyonnais

Kleinwort, Benson Limited Morgan Stanley International Swiss Bank Corporation International Limited

Sumitomo Finance International Union Bank of Switzerland (Securities) Limited

DECEMBER 1986

#### US \$170,000,000 Five-Year Multicurrency

Revolving Credit Facility

#### **Brierley Investments Limited**

Wellington, New Zealand

Managed by PNC International Financial Services Limited ....

Provided by

Sank of Tokso Ametrolia Ltd.

Agent-Pittsburgh National Bank

November 1986

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

#### **APPOINTMENTS**

### Westland reorganisation

director of the helicopter division from March 2. He is currently managing director of
Plessey Aerospace. Mr Berrington will continue as managing
director of the division until Mr
Varde joins the group. Mr
V. A. R. Rogers, Westland corporate staff director, technical,
will relinquish his present job
in March and until his retirement will undertake special
assignments. Mr R. K. Hooks
has been appointed deputy
managing director of E.H. Industries, a company jointly owned
by Westland and Agusta. He
has relinquished his present job
as projects director, Westland
helicopter division.

as projects director, helicopter division. DREXEL BURNHAM LAMBERT INC, the American international investment banking and
securities firm, has appointed
for James Furlong senior vice
president and US equity sales
manager. His responsibilities
include all US equity and equityrelated sales activities in the
firm's six European offices in
Amsterdam, Brussels, Geneva,
London, Faris and Zurich

To John Burness has been

Mr John Burgese has been appointed a director of BARING CAPITAL INVESTORS, which provides management buy-out finance and development capital for companies throughout for companies throughout western Europe. He was pre-viously with Candover Invest-ments.

mas Service has been Mr Thomas Service has been appointed finance director of SARASIN INTERNATIONAL, SECURITIES. He will be the director responsible for introducing new computer systems for Sarasin in the UK, Sarasin International Securities is a wholly-owned subsidiary of Swiss merchant bank, A. Sarasin & Cie.

Sir John Sembridge, recently financial secretary to the Crown Colony of Hong Kong, has been appointed a director of F. AND C. PACIFIC INVESTMENT TRUST,



WHITE YOUNG PROJECT ENGINEERING has appointed for George L. Bridge as deputy managing director, with My Michael R. Robinson and My

The hoard of WESTLAND has made changes to strengthen the executive direction of the group in the areas of marketing, technology and internal communications. Mr D. K. Berrington, managing director of the helicopter division, becomes group technical director and deputy chairman of the helicopter division from March 2. Mr R. S. Forsyth has been appointed group marketing director. He was with Racal and Ferranti. Mr J. Varde becomes managing director of the helicopter division from March 2. He sis curational operations by PAN-national from March 2. He is curational operations by PAN-national has been appointed wice-president-international operations by PAN-national has been appointed wice-president-international operations by PAN-national has been a marketing and product support the executive director damped a master mariner, joined ABP as equired by ipeco Holdings in September 1986. Mr Beil's responsibilities will continue to be the sales and marketing of Ipeco Holdings in September 1986. Mr Beil's responsibilities will continue to be the sales and marketing of Ipeco Holdings in September 1986. Mr Beil's responsibilities will continue to be the sales and marketing of Ipeco Holdings in September 1986. Mr Beil's responsibilities will continue to be the sales and marketing of Ipeco Holdings in September 1986. Mr Beil's responsibilities will continue to be the sales and marketing of Ipeco's airborne and cargo hand-ling equipment in the US. The group's principal operations appointed Mr Jehn O'Toole to its board as production director. He was previously with Normal-with the product support the executive deposit of ABP, a wholly owned substitute will continue to be the sales and marketing of Ipeco's airborne and cargo hand-ling equipment in the US. The group's principal operations will continue to be the sales and marketing of Ipeco's airborne and cargo hand-ling equipment in the US. The sales are marketing and product support the sales and marketing of Ipeco's airborne and cargo hand-ling equipment in the US. The Section

Mr John McAnghtry has been appointed vice-president-international operations by PAN-SOPHIC SYSTEMS INC, an IBM mainframe software company. He was general manager of Pansophic Systems of Europe.

Mr Gordon Bond has been appointed chief executive of the carbonless papers operations of



Mr Gordon Bond

the WIGGINS TEAPE BROUP, in succession to Mr Ted Brazing-tes who will be retiring at the and of April.

At PANTHERELLA, Mr Michael Butterworth, joins the hourd of UK sales director. Mr Roy Blackman has been

appointed to the board of STREETS FINANCIAL STRATEGY.

FAIRVIEW NEW HOMES, Enfield, has appointed Mr William Bolt as non-executive chairman. He is a senior partner at Chesterton Lalonde.

SKETCHLEY has strengthened skerchliev has strengthened its consumer division management team by appointing Mrs E. A. Teogood as personnel director. She joins Sketchley from the National Freight Company, where she has been personnel manager since 1862.

Mr Charles Lindsay, assistant appointed assistant general managing director of Barr & manager of HANA GENERAL Stroud, a member of the Pilking-

Changes have been made within the management structure of the HENRY BARRETT GROUP. The group's trading operations now consist of: Henry Barrett, & Sons (stockholding division)—northern distribution; A. H. Allen Steel Stockholders—midiands and southern distribution; Henry Barrett & Sons (steel building division)—fabricators, northern base; Potters Constructional Engineers—steel building fabricators, midlands constructional Engineers — steel building fabricators, midlands and southern base; and Lindapter International — fixing and fastening engineers for steel-work and building services. On the board Mr Ernest Barrett has retired as chairman of Lindapter International to be replaced by Mr Gay Barrett. Mr Ernest

Lazard Development Capital to take up an appointment as a director of CAUSEWAY CAPI-

IPECO HOLDINGS has made the following board appointments. Mr William F. Bell joins the group board from Ipeco Inc. of Lawndale, California (formerly Marcon Associates Inc.),

Mr Paul Fingland has been appointed a director of RUDOLF WOLFF AND CO. and will be responsible for the private client

SEALINK BRITISH FERRIES bas appointed Mr James Bell as director of its krish Sea sector. He joins Sealink from Ocean Transport and Trading.

PRICE WATERHOUSE has admitted four Loudon pertners to the UK parinerships: Mr Andrew J. Allner, Mr Glyn A. Barker, Mr Hugh Turrall-Clarke and Mr Terence A. Symons.

Mr Robert Sturman has joined YELLOW ADVERTISER NEWS-PAPER GROUP as financial director. He comes from IML Air Services Group which he joined in 1981 as group financial direc-tor.

Mr David C. Batten, Mr Christopher W. Holyonk and Mr Simon E. Prior-Palmer have been elected executive directors of CREDIT SUISSE FIRST BOSTON and Mr Robert J. Parker habeen elected director of CSFB investment Management.

Mr David Llord Hughes has been appointed finance director of STYLO. He was group com-

ONE TO ONE has appointed Dr Michael Delaney as managing director. He replaces Mr Tery Caplin who recently left to take up a similar position at Air Call Communications. Dr Delaney was financial director.

NOTICE OF REDEMPTION

Land and Industrial Mortgage Bank Limited

Finnish Real Estate Bank Limited (Secures Klinteistäpunkki Oy),

**Industrial Mortgage Bank** of Finland Limited



#### **ECU PROGRAMME** CERTIFICATES OF DEPOSIT (ON A DISCOUNT BASE)

UP TO A MAXIMUM OF ECU 100,000,000

DENOMINATION ISSUE DATE PERIODS

MATURITY

COMMISSION CUSTODY

-january 9th 1967

-At the option of the less
1, 2, 3, 6 or 12 shouths. In 45 57 50 76 12 months

Inustry 7th 1989

Inustry 7th 1987, 11 o'clock local time

Oolden & set one CV

Haighton & Ruth BV

Kirkland & Whittakar Nederland BV

and/or hauer No commission is due at subscription on issue conditions

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MUSEUMPLEIN 17—1077 DJ AMSTERDAM—TEL: 020-768321

### PWS HOLDINGS plc

PRELIMINARY ANNOUNCEMENT Unaudited results of the group for the year ended 30th September 1986



15,446 2,955 (11,094) 8,329 112 9 8,450 (2,106) 5,344 (3,235) Other operating income (11,250) 5,815 Profit before taxation 2,106

Commenting, Chairman Malo 66 The merger bosween PWS has lowerd Group PLC was quickly for powerstion. This has crusted a stra-	oint Pearson said;		Town are 26.8p.
Group throughout the two years concerned, using the principle of merger accounting. Consolidated profit and loss	includes a one-off item of £1.592,000 arising from the relinances; of the income recognition policy of certain submittees believing the merger;	rvvs and The Howard Group, and acquisition costs relating mainly to the abortive bid for C.E. Heath Public Limited Company, be Earnings per share are calculated on the heate of the	The earlings per share figure shown for the year under review excludes the one-off accounting from referred to be seen full to the second accounting the s

NORTH AMERICA - Cosselty and Proj INTERNATIONAL FACULTATIVE REINSURANCE which includes our USA autoid!

The former Howard Group ompanies produced pre-tax profits of £5,038,000, a growth of 528. This was due exclusively to the performance of the North American division which produced pre-tax profits of £4,968,000, a growth of 76%. Viewed against a background of alvery difficult market, the highly successful performance of this dwiston deserves much praise. However, there is no sign of the market eating at the noment, and so it would be unrealistic to look for a continuing similar rate of growth. easing at the moment, and so it would be unrealistic to continuing similar rate of growth.

The former PWS international.

The year has ground the Putture. The year has a whole, round the group as a whole.

grown man the gratin as a whole.

This must be viewed against a background of difficult markets, leger effective rate of exchange for the pound against the US-substantially increased Errors and Omstons usurance premium in spite of the group's excellent record on clams stell acheved through strict procedures and consistent attention from top management.

Against this we are now seeing the cost benefits of the amonalisation following the merger. Your directors intend to continue their pursuit of organic growth, and to enhance this by acquisitions if and when these become available on terms which make commercial sees.

Divisional The forested an intend on commercial sees.

Decome available on terms which make commercial sense.

DIVIDEND: The directors are pleased to recommend a final dividend of 4p net per share (5.63p including the associated tour credit) as estimated at the time of the bid for C.E. Heath 99 6TH JANUARY, 1987

These securities having been sold by International Thomson Organisation Limited, this announcement appears as a matter of record only.

New Issue

C \$150,000,000

### **International Thomson Organisation Limited**

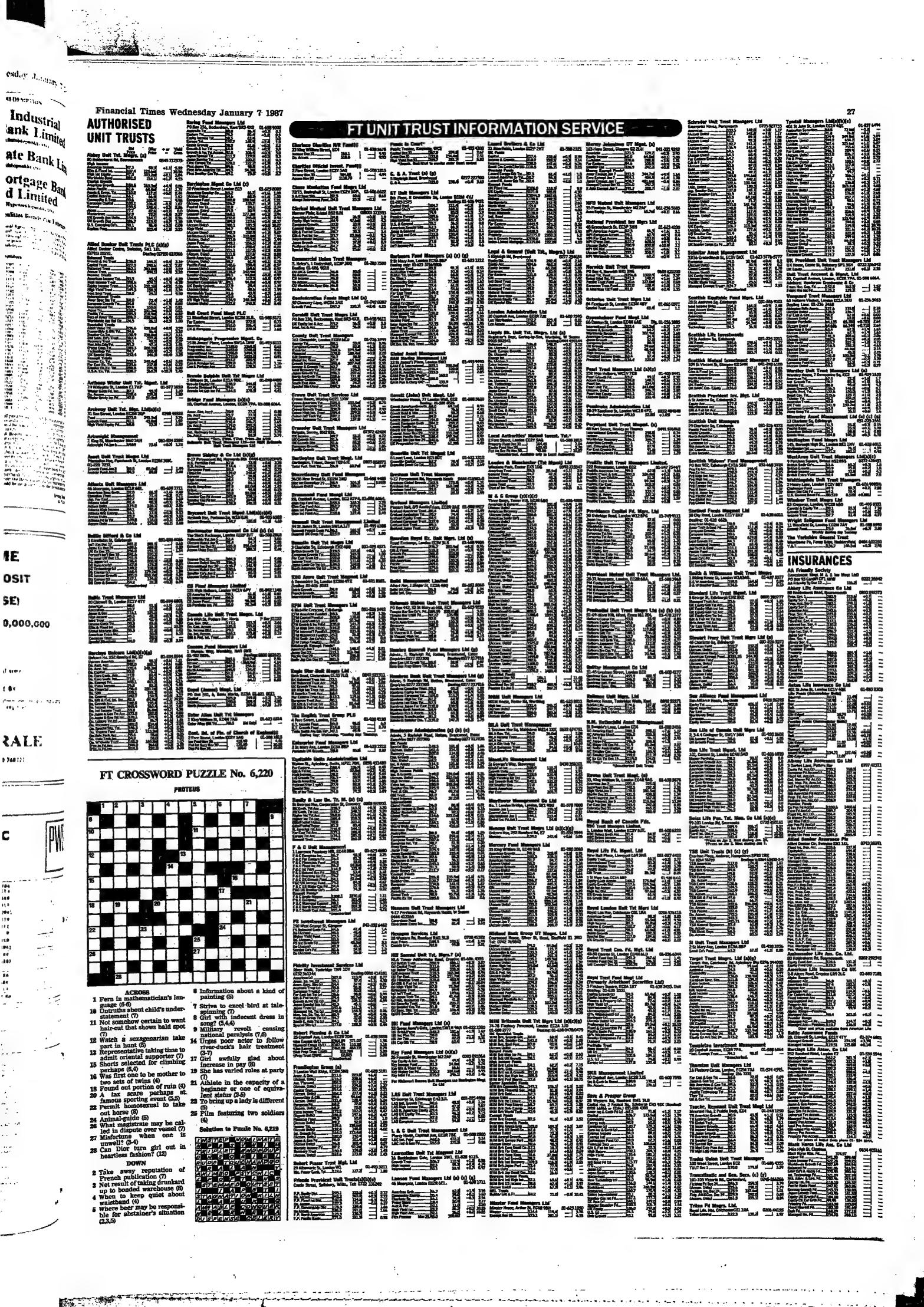
Floating Rate Preference Shares, Series II

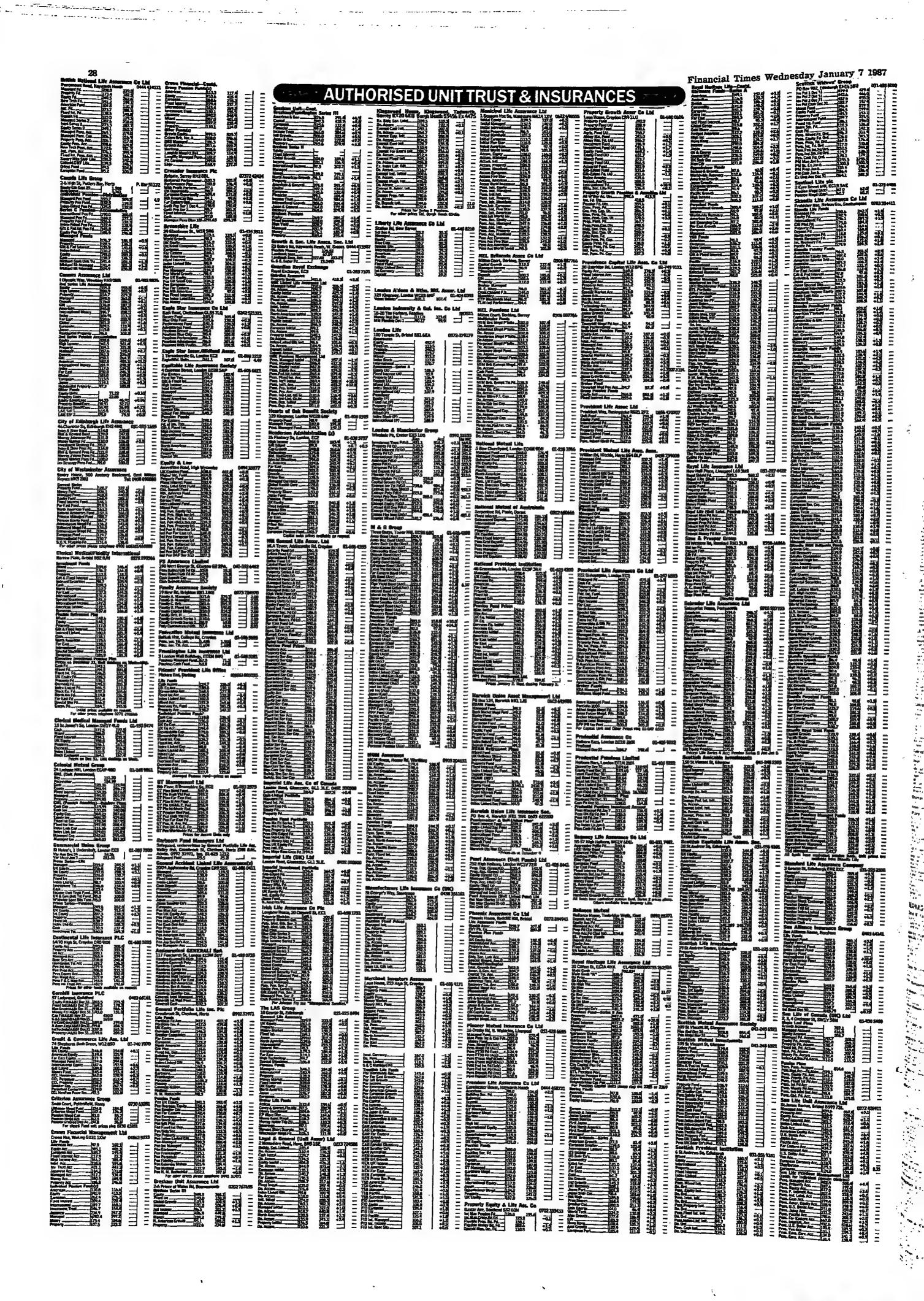
These securities were purchased by the undersigned for resale on a private placement basis.

Wood Gundy Inc.

**McLeod Young Weir Limited** Burns Fry Limited

December 1986





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### Chicago maize prices tumble to 14-year lows

BY DAVID OWEN IN CHICAGO

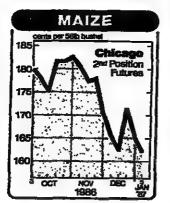
JUST WHEN some in the US maize trade were beginning to think that the market had hit rock bottom, a renewed slump has pushed prices to their lowest levels in 14 years.

By mid-morning yesterday the Chicago Board of Trade's nearby March contract stood at \$1.52} a bushel, down 44 cents from Friday's close. More distant contract months have been hit even harder. The price for December 1987 delivery, for example, has tumbled 62 cents to \$1.732 a bushel.

With little change in the formidable list of factors which have for so long depressed the market (massive surplus, poor export potential, bumper Soviet crop and so on), many observers are blaming the advent of a new tax year for the most recent losses.

This, they reason, has prompted farmers to unleash on to the market a new wave of generic commodity certificates, which allow the bolders to redeem commodities from government stocks. They will not have to pay tax on the pro-ceeds of these latest sales until April 1988. "Last week certifi-cates were very active," accordceeds of these latest sales until
April 1988, "Last week certificates were very active," according to Mr Victor Lespinasse of Chicago-based Theorem 1988.

those came from.
"A terrific barrage of certificates came out in December in payment to farmers enlisting in



the Wheat Program," says Mr Ted Mao, a Shearson Lehman Brothers vice president. Between now and March, those Brothers signing up for the Feed Grain Program will receive them," he

ing to Mr Victor Lespinasse of crop" delivery months from Chicago-based Dean Witter December 1987 onwards, is Reynolds. And, most believe, concern at proposed changes to

there are plenty more where the current Farm Act contained those came from. the Reagan Administration's 1988 budget proposals.

Specifically, traders point to
the proposal to reduce by 16 per

cent a year the target prices set by Congress as the basis for calculating farmers' income pro-tection subsidies, starting in 1988. These cuts would be in addition to the 2-5 per cent reductions already mandated by the Farm Act for the 1988-90

meet staunch resistance in Congress, the desperate need to cut ballooning farm spending makes the implementation of some form of accelerated target price reduction scheme likely, traders fear. And such is the resultant air

of despondency now pervading the market that most believe that make still has considerable downside potential—even from today's depressed levels.

"Cargill has been a big seller. The other commercials have The other commercials have generally been selling too. I think we will continue under pressure," says Dean Witter's Mr Lespinasse. "The market is tied to the Government price at the moment," adds Mr Ken Adair, a Geldermann analyst. "If they are going to lower that, I guess we will go lower too."

### US farm plan 'dead on arrival'

message to slash the cost of the use of the

the House, said Mr Gene Moos, a key aide on the House agricul-ture committee. Democrats, he ture committee. Democrats, he said, will never go along with proposals to cut rural development schemes at a time when the rural economy is falling for sugar producers, while spart, to aliminate soil conservation programmes and to raise the cost of crop insurance.

Of the proposed \$246n in savings from 1988-92, the surfacing in a Congress already and administration of the surfacing in a Congress already the annualization of the surfacing in a Congress already that the annualization of the surfacing in a Congress already that the annualization of the surfacing in a Congress already that the annualization of the surfacing in a Congress already that the annualization of the surfacing in a Congress already that the constant of the surfacing in a Congress already that the surfacing in a Congress already th

of the proposed \$24bn in savings from 1988-82, the Administration suggests rolling \$3.5bn back into the 1987-budget, now that it is "safe" from the Gramm-Rudman budget stretches. budget-entting requirements, he said: "That's just moving around the furniture."

The budget contained five major proposed changes to the farm programme, which would not go into effect until 1988:

PROPOSALS CONTAINED in "de-coupling" support payments
President Reagan's Budget from an obligation to harvest
message to slash the cost of the
US farm programme began To cap the total of federal

Hill on Monday. \$250,000.

Most of the recommended To close loopholes that make cuts were "dead on arrival" in current payment limitations ineffective for a large number

To reduce production sub-sidies paid for grains, rice and cotton by 10 per cent per year. To phase out price supports

torn by opposing philosophies. One is contained in the current farm programme, supported by the Administration, which has slashed price supports in an effort to make US exports more competitive. The other, backed by many Democrats but prob-

The Administration made its own arguments for its proposals in the Budget message. Spending on farm programmes has in-creased six-fold over the last five years, it said, yet most of the Federal money goes to a relatively small proportion of farmers — those who own the largest and most efficient farms.

In 1985, two-thirds of the American farmers did not receive price supports, Of the one-third which did, one-fifth reported sales of over \$100,000, and they received 70 per cent of the payments. During 1986, 12 per cent of those receiving subsidies for cotton got more than half the total payments, with some receiving millions of dollars,

Congress has every intention of solving the "abuses" in the subsidy programme. Mr Moos said. However, it is likely to solve the problem in its own way with a totally different set The budget contained five by many Democrate but propagation proposed changes to the ship not enough to get passage, said. However, it is likely to farm programme, which would radically change the solve the problem in its own direction of the farm propagation.

To remove the incentives for gramme by requiring mandatory farmers to overproduce by production controls, higher Administration.

### Diamond sales climb 40% in 1986

BY RENNETH HARSTON, MINING EDITOR

THE RETURN to prosperity in the world diamond trade after five years of recession—it was the worst period since the 1930s—is underlined by further growth in the sales of rough (uncut) diamonds made in the second half of 1986 by the second half of 1986 by the South African De Beers' Central Selling Organisation.

The COO states that the test of the country of the second half of 1986 by the second half sales the second half sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half sales amount to R3.2hn, making a sales benefic of the second half of 1986 by the second half of

The CSO, which handles the marketing of over 30 per cent of world mine output of rough gem and industrial diamonds, reports a second-half 1985 sales figure of \$1.340n. This lifts the

BY DAI HATWARD IN WELLINGTON

diamonds—running from roughs to the eventual polished goods in retail jewellery counters—are now down to normal levels. Furthermore, the larger

and more expensive diamonds are again finding buyers.

Wool hopes high in New Zealand

spokesman for the CSO yester-

Major factors in the latest sales figures have included the benefits of the fall in the value of the US dollar, in which diamonds are priced, against other major currencies: Japanese imports of polished gem diamonds over the 11 months to last November rose 59 per cent in dollar terms, but only 11 per cent in terms of the strong yen.

gem and industrial diamonds, reports a second half 1985 sales figure of \$1.94bm. This lifts the year's total by 40 per cent in dollar terms to \$2.55bm from \$1.82bm in 1985. The latest figure compares with the record of gem diamonds that were figure compares with the record of gem diamonds that were previously hanging fire," said a November

#### LME likely to abandon

#### management By Stefan Wagstyl

two-tier

LONDON Exchange, which is overhauling its market and administration, is likely to replace its curren two-tier management structure with a single ruling body.

The sub-committee charges
with modernising the
exchange's administrative

The sub-committee charged with modernising the exchange's administrative structure has dropped plans for revising the decades-old two-tier system of a separate Board and committee and is now working on plans for a single body made up of 16 people, headed by a president and a chairman.

The change comes after pres-

and a chairman.

The change comes after pressure from some LME member companies which criticised the original proposals put forward in September in a wide-ranging report by Price Waterhouse,

The Price Waterhouse report was influenced by the fact that conservative exchange members had insisted that changes should be kept to a minimum.
But critics successfully argued that the proposals did not go far enough towards making the management structure more efficient. They said the LME needed a single hody with a powerful professional secretariat, such as exist on most

other futures exchanges, includ-ing the London Commodity The sub-committee chaired by Mr John Wolff is currently preparing a second report based on the revised ideas, with the help of Price Waterhouse and Linklaters and Paines, the LME's solicitors.

The new ruling body is planned to consist of six representatives of LME ring-dealing companies, three of non-ringdealing (associate) companies three from the metals industry and two people iron outside the metal trade (to satisfy SIB rules which require lay repre sentatives on the governing bodies of Recognised Investment Exchanges). In addition, a president, who would be the exchange's figurehead, and a chief executive would sit on the

ruling body. reling body.

These proposals must be put to members for approval before they can be implemented. The LME authorities see as their first priority the reform of the exchange's trading rules, which involves replacing the current principal to principal system with one in which a clearing house active an intermediary. house acts as an intern guaranteeing trades.

The changes have been the subject of intense debate between the LME and the Securities and Investments Board, the City regulatory body. Sir Kenneth Berrill, SIB charman, members next week to discuss the proposed changes.

#### Rotterdam energy options planned

By Laura Room In Asseterdone AN ENERGY options exchange will be launched in Rotterdam in May by the European Options Exchange (EOE) and the Rotterdam Chamber of Commerce to offer tradeable option contracts on oil products.

The EOE-Rotterdam is fesigned to complement exist-ing exchanges that offer other petroleum instruments such as the International Petroleum Exchange in London and the Exchange in London and the New York Mercantile Exchange.

Rotterdam is one of the world's most important oil refining centres and markets for oil products such as gas oil, fuel oil and naphtha.

#### LONDON MARKETS

COFFEE PRICES on the London market dipped below £1,600 a toune for the first time in 15 months yesterday as the recent down-trend was re-established following the re-established following the half-hearted New Your raily. The March position dropped to £1,590 a tonne at one singe but most of the fall was recovered with the price ending the day only £12.59 down at £1,632.50 a tonne. Uncertainty remains the haynote of the coffee market, however, while dealers await mostive news.

coffee market, however, while dealers await positive news about Brazil's 1987 selling policy, and most observers described yesterday's closing tone as "weak" in spite of the afternoon raily. Cocoa futures also lost ground yesterday under pressure from trade and speculative selling which was further fuelled by the operation of stop-loss selling orders. The two nearby positions both lost \$22 with positions both lost \$22 with the prempt March quotatles breaching the psychologically significant \$1,400 level. The May position ended the day at \$1,417.50 a tonne. Dealers at ELATZ50 a tonne. Designs said the reappearance of the Ivery Coast as a seller of nearby cocoa contributed to the market's weakness.

LME prices supplied by Amalgamated Metal Trading.

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3	09.5-10.	4 (340). Turnover /29 cents	18,475	secto dies BU senzet

#### NICKEL

	£ per tonne
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High	Unofficial +or

5 months		<b>F</b>	636/698	
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settlement 529. Term	: 646 (56 over: 6,63	7). Figsi 10 toanes	Kerb close US Prim	į
Westerns	42/44.78	oants pl	e th.	

Krale Lumper Tin Market: Close 17.39 (17.34) ringgitt per kg. Up 0.5 ringgit per kg.

Gold rose \$15 as eases from Mea-day's close in the London builton mar-let yesterday to finish at \$4071-402 and traded butween a high of \$4021-403 and traded butween a high of \$4021-403 and a low of \$500-4001, it was fixed at \$401.70 in the morning and atten-acous. The firmer trend we's mainly a reflection of renewed doller weekness. GOLD BULLION (Time ounce) Jan. 8

#### SILVER

SELVER Buffion |- or L.M.E. |- or per fixing |- or p.m. Unoffic'i \$pot \_\_\_\_\_ 565.85p +2.30 366.00p +2.30 5 months -75.30p +2.70 375.00p +1.80 6 months | 404.60p +2.55 12 months | 404.60p +2.55

#### US MARKETS

strength in oil prices helped steady gold futures but, late in the session, heavy specula-Jan. 6 Jan. 5 Arth ago Yearago 1686.7 1684.8 1688.2 1771.6 tive selling, thought to be tive selling, thought to be funds, prompted a marked sell-off and prices appreached the support at 400-398 basis Feb, reports Drexel Burnham Lambert. Crude oil futures declined initially on fresh speculative selling and profit-taking before trade buying steadied prices. Initial local buying in copper futures Dow Jat. Jan, Mith Year Jones 5 2 ago ago (Base: December 31 1991=100) MAIN PRICE CHANGES

248 10540 + 10 245 10540 541,44 - 0.88 147,64 532,48 - 532,48 2545,5 - 8.0 2541.5 6839,5 - 6.0 2535,78 mates uncovered stops at 600 and 590 basis March—the trade was a scale down buyer.

Figt. Mar. 2113,00 —0,55,8118,90 2142,00 —0,2146,00 Figt. Mar. 2113,65 +0,122113,20 ard Wint. 1

INDICES

81586/22E-10 81205.2E

REUTERS

DOW JONES

ouse sell-lows this tion was ham less-mouns of 87 started

Select 5,500 (4,408) lots of 5 transes. 1CO indicator prices (US cents per cound) for January 5: Comp daily 1979 121.15 (122.80): 15-day everage 127.11

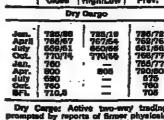
Business done—Wheet Jen 111.10-0.20, March 113.05-2.45, May 115.90-0.80 Above 103.00-2.80, March 113.05-2.45, May 115.90-3.80, July untraded, Safeet 255 bits of 100 tonnes. Barley: Jen 110.90-0.85, March 113.95 only, May 114.75-4.80: Sept 100.15 only, May 114.75-4.80: Sept 100.15 only, May 114.75-4.80: Sept 100.15 only, May 112.80-2.85, Jen untraded Safeet 108 bits of 100 tonnes.

LOMDON GRAINS—Wheet: US dark northern spring No 1 15 per cent, Feb 103.25, Mar 103.75, April/May 102.00.

US No 2 soft red winser Jen 105.00. French 115-12 per cent Jen 12.00. English feed fob Jen 115.80/117.75. April/June 19.00/119.50, Sept 102.00/104.00, Oct/Dec 105.50/07.50, Waskett US No 3 yellow/French transhipment sea court Dec 142.00. Barley: English feed fob Jen 116.50/17.00, Sect 102.00/115.00 seller. Rest unquoted.

...HGCA — Feed Whast: S. East 110.50; N. West 110.70. Feed: Berley: S. East 111.60: W. Mids 109.40: N. West 110.70. Feed: Berley: S. East 111.60: W. Mids 109.40: All Control of the week begisning Mondal of Jen 116.75 (Feed: Berley: S. East 111.60: W. Mids 109.40: All Control of the week begisning Mondal of Jen 116.75 (Feed: Berley: S. East 111.60: W. Mids 109.40: All Control of the week begisning Mondal of Jen 116.75 (Feed: Berley: S. East 111.60: W. Mids 109.40: All Control of the week begisning Mondal of Jen 116.75 (Feed: Berley: S. East 116.75 (Feed: Berley: S. E

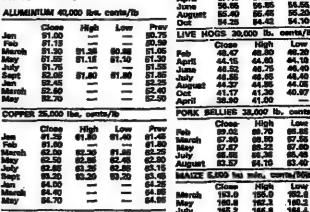
FREIGHT FUTURES | Close | High/Low | Prev.



#### A COMBINATION of a weaker dollar and continued

taking before trade onying steadied prices. Initial local buying in copper futures pushed prices higher but scale-up trade selling prompted Commission House long liquidation late in the day. Uncertainty over Brazil's pricing policy for 1987 prompted trade selling which touched off sell stops after the market failed to follow through on an earlier short-covering rally. Fund selling in cocas depressed prices in the face of sporadic industry buying, touching off light Commission House stops before manufacturer support emerged at the lows. Fund selling was also apparent in the sugar futures where bearish sentiment following a trade house's revised 1986-87 estimates uncovered stops at 600

#### **NEW YORK**



OIL (LIGHT) US callocs, E/berrel

GOLD 100 boy az, 8/boy az

WHEAT

RUBBER

FUTURES—Index 680, February 667-67, March 672-682, April-June 577-687, July-Sapt 683-686. Sales: Nil.

Close High Low Prev 138.13 138.00 138.00 137.00 132.00 735.40 130.00 132.20 136.22 136.78 131.70 133.78 136.25 138.00 133.28 136.08 137.55 137.76 134.50 136.28 137.53 137.76 134.50 136.28 137.53 137.80 137.80 138.18

tonnes. iCCO Indicator prices (US cents per sound). Daily price for January 6: 86.40 (80.62); five-day average for Jonuary 7: 80.81 (80.88).

After as initial 50p dip the market again found good buying support with selers evident in force around £160.00 basis April. This resistance was breached during the afternoon. Trade but buying interest above limited and fell away towards the close to finish only 50p up on the day, reports Coley and Herper.

### Sales: 1,911 (1,205) lats of 40 tonnes.

Seles: 2.794 (820) lots of 80 tennes.
LONDON DAILY FRICE—Raw suger
\$144.50 (198.00), down 80c (unchanged) a tenns for Jennery-Fabruary
delivery, White auger \$174.50, up \$1.00,
Tata and Lyla delivery price for
granulated besis auger was £200.6
(same) a tenne for expert.
international Suger Agreement—
(US cents per pound fob and stowed
Caribbean ports). Prices for January 6:
Delity price 8.41 (5.45): 15-day average
5.48 (8.51).



Old crop wheat market opened at Top up in kean early shipper/broker buying interest. At that lavel good size country and shipper selling was noted. Atthough it essed back fractionally shipper buying interest again steadled in near positions to closing levels with much of the volume represented by broker crosses. Old crop barley market opened unchanged but secountered selling interest throughout the day in extremely light broker to broker trade. The volume was boosted in the January position by one broker crossing 78 icss. New crop markets found country hadge sating the

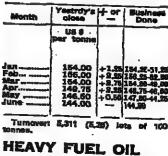
# 

SPOT PRICES—Chloago losse lard 18.00 (16.00) cents per pound, Handy and Hannen silver buillon 541.0 (638.0) cents per troy ounce.

SOYABEAN OIL 60,000 lb, our

14.16 18.18 17.80 17.87 17.88 17.80 17.87 17.88 17.70 17.70 17.80

### GAS OIL FUTURES



Right to buy

### rules revised

OWNERS OF former council houses or flats bought at a discount under the Government's right-to-buy scheme will from today be free to sell them after three warre without maying back

today be free to sell them after three years without paying back the discount.

Tenants considering buying flats will also have new protection against unexpected service charges for repairs. The landlord will have to give binding estimates of repairs.

### THE WOOL industry in New Zealand—the world's third largest producer—is predicting strong demand and buoyant prices when the new auctions season gets under way fomogrow. Price prospects will depend to a large extent, however, on the performance of the New Zealand dollar against the US dollar and stering. At pre-Christmas sales greasy wool prices reached NZM (51.85) per kg—10 per cent of the previous season—and producers are hoping for further gains over the next few months. Auction offerings during January will be large at around 500,000 bales, but the industry expects demand to be strong and the second, Fridays luver to morrow will offer 35,000 bales counties, and the second, Fridays luver courses in company with prices being depressed. The first sale at Napier tomorrow will offer 35,000 bales counties, and the second, Fridays luver, being depressed. The first sale at Napier tomorrow will offer 35,000 bales counties, and the second, Fridays luver, being depressed. The first sale at Napier tomorrow will offer 35,000 bales counties, and the second, Fridays luver, be mumber two brings and the second, Fridays luver, being depressed. The first sale at Napier tomorrow will offer 35,000 bales demand is still appearent. Britain, the number two being depressed. The sirst sale at Napier and the second fridays luver, being depressed. The sirst sale at Napier in demand is still appearent. Britain, the number two business are the second fridays luver in the first sale will not be strong in demand from most in the same of the season. Although the deposition, itself the Second Linion, itself the Second Linion, itself the Second Linion, titel twill seg the Sealand China, which dominated New betwen July and Christmas, still appears to still have orders from previous years and appears to still have orders from previous gets on the fourth largest customer for the months. Over the past few seasons New Academ to the second Linion, the first countries of the season despite a slightly ligher production level—361m and produ ... but Australian output rise causes concern Dry Carge: Active two-way trading prompted by reports of firmer physicals with talk of Gulf-Jepan 12.00 traded. Tamoyee: 337 (—). MEAT COMMISSION — Average fat-stock prices at representative markets: GB—Cattle 93.84p per kg lw (+1.26); GB—Sheep 196.19p per kg ast dow (-28.67); GB—Pigs 72.67p per kg lw (-4.48). SOYABEAN MEAL Prices open standy but came under commercial selling presents and moved back to unchanged through the season reflecting weaker Chicago market, reports Mulipace. LATEST FORECASTS for wool total greasy wool production for from 149.7m last year and spring from the experience of higher than the 155.2m estimated by the BAE. LATEST FORECASTS for wool total greasy wool production for from 149.7m last year and spring from the experience of higher than the 155.2m estimated by the BAE. GRAINS FUTURES -- Live Cattle: Feb 97.00, April 100.00, Salas 0, Pigs: Feb 95.30; April 94.80; June 95.30., Salas 6, in Australia have exceeded previous expectations and seem likely to stimulate concern about the longer-term outlook for prices. Official figures published yesterday by the Australian Bureau of Statistics (ABS), based on forecasts from the Australian Wool Production at 848,000 tonnes points the Bureau of Statistics (ABS), based on forecasts from the Australian Wool Production estimate for total sheep numbers drop to 131m, such levels had not been seen since the 1950s. The ABS's provisional 1986 and the forecast from the Australia Wool Production at 848,000 tonnes points sank to 131m, such levels had not been seen since the 1950s. The ABS's provisional 1986 and the forecast from the Statistics (ABS), based on forecasts from the Australia Wool Production estimate for total sheep numbers drop to 133m. Apart from 1978, when numbers this a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers the continuation of the sharp rise seen since the 1983 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers in an other sank to 131m, such levels had it is not been seen since the 1950s. Signs of concern about the country's second largest export impact the recent rise could have on future wool prices weakened. For now wool is one of the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers hit a record 180m and the 1988 drought, which saw sheep numbers drop to 133m. Apart from 1978, when numbers February Brent traded between \$7.91 and \$18.12 in a nervous market that tended to respond to movements in the futures merket, inquiry for arount crude is minimal. February WTI opened &c down on Nymex traded in a SSc range and closed 19e up at 1.30 pm EST. In the patroleum products merket prompt naphpha, gasoil and moges remained firm on higher

s: 86 (325) lors to a 20 toppes.

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F1374 FL38.90

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FL209.20 FI.15.20

**EUROPEAN OPTIONS EXCHANGE** 

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ANZ Bantelog Group
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Bank Hapanilan
Bank Leash (BIO)
Bank of Control

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**BASE LENDING RATES** 

City Merchants Sank 11
City Merchants Sank 11
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### **CURRENCIES, MONEY & CAPITAL MARKETS**

#### FOREIGN EXCHANGES

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CHICAGO

Marin Tale Marin

GAS CIL FUTUE

HEAVY FUEL!

Right to b

rules review

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### French franc at EMS floor

THE FRENCH FRANC fell to its lowest permitted level against the D-Mark within the EMS yesterday, following a flurry of intervention and statements which at times seemed contradictory.

Early trading saw the French unit case as a result of recent industrial turnest in France and continued D-Mark strength, the latter emecan-

Mark strength, the latter enseenbated by weakness of the US dollar. However it soon became clear that several European central banks were intervening to sell the D-Mark to maintain approach to the contract of the contract in an effort to maintain current par-ity levels at least until the West

In addition the French Finance Minister, Mr Edouard Balladur, said that the French authorities would strongly resist attempts to devalue the franc before or shortly after the West German election unless this

afternoon which said that the French authorities were prepared to allow the D-Mark to appreciate to its celling level against the franc. Consequently the German unit rose to its highest level allowed of FFr 3.3303. In London it closed at FFr 3.3272 from FFr 3.3140.

Elsewhere pressure intensified on the weaker members of the EMS with the Danish krone fixed at its floor level. The D-Mark was quoted at DKr 3.7876 having already attained this level on Monday. Pressure on the Belgian franc prompted the Belgian central bank to increase domestic Treasury bill rates.

Jan 5	Latest .	Previous Ciage
E Spot 1 month 3 months 12 months	14790-14800 0.56-0.53 pm 1.79-1.74 pm 6.35-6.25 pm	1.4705-1.4715 0.63-0.62 pm 1.71-1.69 pm 6.23-6.13 pm
Forward pres U.S. dollar,	alema and dispos	nts apply to the

	-	Jan. 6	Previous			
9.00 10.00 11.00 Hoos 1.00 2.00 3.00 4.00	and	68.7 68.8 68.8 68.9 68.9 68.9	69.2 69.1 69.1 69.0 68.9 68.8 68.8			
CURRENCY RATES						

CUICKENCY		иі2
James 6	thank of Explant later	Morgan Commenty Changes %
Sheriko U.S. Doller U.S. Doller U.S. Doller U.S. Doller Austriac Schilling Belgian Franc Destache Marit Swiss Franc Gailder Fronch Franc Live	107.9 77.1 136.4 136.4 115.6 145.6 145.6 135.1 71.0	-94.7 +0.5 -12.4 +9.9 -5.0 +9.3 +21.3 +21.3 +21.3 +33.1
Yes	206.4	458.9

Pressure rises

UK clearing bank hase lending rate 11 per cent since October 15

level against the D-mark within the EMS.

In Brassels the Belgian National Bank increased the rates on Treasury certificates, as the Belgian franc remained the second weakest member of the EMS, after the kroner. The rate on one-month certificates was raised by 0.75 per cent to 8 per cent; on two-month by 0.65 per cent to 8 per cent; and on three-month by 0.50 per cent to 7.90 per cent. The adjustment was the first since December 8, when three-month certificates were

weaker note as a prevailing bear-ish trend overcame inhibitions ish trend overcame inhibitions about being caught out by central bank intervention. It broke through the DM 1.9200 level against the D-Mark but falled to establish itself convincingly below this level and finished DM 1.9200, up from a low of DM 1.9305 on Monday. Elsewhere it slipped to Y158.75 from Y159.45

DM 19305 om Monday. Elsewhere it slipped to Y158.75 from Y159.45 There was some confusion in Frankfurt yesterday following and SFT 1.6125 from SFT 1.6285. It was also lower against the French frame at FFT 6.3875 compared with FFT 6.3950. On Bank of England figures, the dollar's exchange rate index fell brom 198.2 to 197.8.

Starling finished on a slightly firmer note with a closing exchange rate index of 68.9 up from 68.7 at the opening and 68.8 up from 68.7 at the opening and 68.8 to Monday. For much of the day it remained within a narrow range.

ped to SPr238 from SFr23875 and Y23425 from Y23475. Against the French franc 2 was higher at FFr 94325 from FFr 94200. D-MARK—Trading range against the dollar in 1985-87 is 2,4710 to 1,9175. December average 1,5890. Exchange rate index 145.8 against

remained within a narrow range as attention was fixed on the dollar and EMS currencies. Against the US unit it rose to \$1.4765 from the US with it rose to \$1.4765 from \$1.4730 but was lower against the

EMS EUROPEAN CURRENCY UNIT KATES							
·	Em cantral retes	Currency amounts against Eco January 6	% classes from control rate	% change adjusted for divergence	Disargence Unit %		
Belgium Franc	43.1139 7.81701 2.11083 6.87316 2.57833 0.764976 1476.95	43.1829 7.85104 2.07336 6.96696 2.34215 0.764729 1444.82	+0.16 +0.44 -1.78 -0.09 -1.52 -0.09 -2.18	+0.% +1.24 -0.98 +0.71 -0.72 +0.77 -1.78	± 1.5463 ± 1.1403 ± 1.1127 ± 1.3659 ± 1.5059 ± 1.6663 ± 4.0734		
Changes are for Ecu,	larges are for Ezu, therefore positive charge denotes a week currency.						

COUND	SРОТFO	RWARD A	gainst ti	Æ PC	DUND	
Jan. 6	Day's spread	Clare	One month	% p.l.	Three months	% pa.
5	1,4719-1,4780	1.4760-1.4770			1.74-1.69 pm	4.65
	2.0220-2.0295	20290-20290	0.56-0.47c pm		1.46-1.31 pm	2.73
letierlanis .	3.294-3.204	31943204			4-35 pm	4,77
	59.01-59.20	59.10-59.20	16-11c ggs	2.74	40-31 pm	2,40
energy	10.724-10.754	10.734-10.744	S-Ilure du	-0.98	26-3ds	-6.95
etand	1.0630-1.0535	1045-1005	0.30-0.45a dis	-4.30	0.70-1.05 ds	-5.34
C. Germany .	2.83-2.84	2.83-2.84			44-44 (20)	6.00
certains?	203,70-215,27	214.40-215.20			218-314 ds	-4.95
cale	192.84-193.68	193.35-193.65			E1-114 de	-2m
	1972-19814	1978-1979			5-9 des	-142
O/ 100	10.825-10.85%	108F-108S	43-53 on de	-5.39	135-145 ds	-534
Tanca	1.57-9.45%				24-34 66	-138
weden	9.951-9.98				34-3 pm	135
	2333-2343		Do Day on	7.04	432 98	6.40
	19.94-20.01		100-Se ere an			
					27-261 pm	533
- Industry	2 371-2.37	2.375-2.386	14-14 cm	7.56	4L-4am	6.93

Balgina rate is for convertible francs. Fixencial franc 60.25-60.35. Sprayante forming deliar 3.38-3.27 a pm. 12-month 6.35-6.25 pm.

Jail, 6	Day's spread	Chose	One wants	% pa.	Times .	- % pa.
010	1.4710-1.4780	1.4760-1.4770	0.62-0.5% pm	4.0	1.74-1.69 pm	44
breimed)	1.4065-1.4120	1,4000-1,4090	1.05-0.95c pm	8.57	3.05-2.80 pm	830
Gende Hetterlande .	21655-21775	1.3735-1.3745 2.1655-2.1665	0.03-0.01c nm	-186	0.68-0.73 ds	-200
References .	40.00-40.16	40.00-40.10	SI-Bac de	-225	21-25 68	-23
Denouncik	7.253-7.30	7.27-7.27%	1.30-4.00 Gre die	-641	845-935 ds	-4.9
W. Cerman	1,9140-1,9285	19195-19205	0.27-0.24of pro	1.58	0.70-046 mg	14
extensed	1454-145%	1451-1451-	120-14% de		320-380 de	-24
	130.75-131.10	131.00-131.10	80-90c etc	-7.79	290-250 dis	-7.35
ــــــ بادا	1338-130	13331-13404	64-712 fire day	-0-27	20-202 6	-6.39
forway	734-7365	7.372-7.35			17.90-18.50de	-4.91
T0400	4.351-4.404	6302-639	250-3.00: 65	-4.24	7.30-8.30 41	-4.90
water	25846-159.10	148.70-258.80	0.32-0.29v am	-246	5.30-5.70 da 0.75-0.70 da	-3.26 2.85
		13.194-13.5R	1.10-(1.50ero des	0.77	2.50-1.00pm	0.52
Annual Property lies	141003 4000	14120-14130	0.41-0.3kg	2.85	0.95-0.90 pm	229

			•		,	es a de la como
EURO-CUR	RENCY	INTERES	RATES			
Jan. 6	Short. term	7 Days*	Con . Mostis	Three Months	" Str. Months	Comp Year
Sterling	334375095c5950 \$\$K\$K\$K\$&&&&	はないませんないませんなない。 はないないないないできませんが ないないないないないないないない。	नैर्दर दल्लानं वेद इत्तर नेर्दर दल्लानं वेद इत्तर	्रेड के क्षेत्रण विश्व के क्र		104112 6462 6462 5354 6464 6464 10415 748 8464 11415 11415 11415

Long-term Eurodoffers: Two years 53-55g per cent; three years 53-75g per cent; four years 75g per cent; flow years 75g-77g per cent Acested. Short-seem rates are call for US Dallars and

See A		4	DM	YEN	F Fr.	S Fr.	40	Lin	C.S	8.5
Jan. 6	-		<b>Pim</b>		T FIG	a rr.	R FL	Line		-
\$	8,677	1477	2.835 1.920	2943 158.8	7.435 6.386	2,360 1,613	3.198 2.166	1979. 1340.	2.029 1.374	57. 40.
DM YEN	4.269	0.5ZL 6.303	1. 1210	82.63 1000	3.327 40.27	0.840 10.16	1.128 13.65	647.9 8446.	0.716 8.660	20. 25
F Pr. S Pr.	1.060 0.420	1.545 0.620	3.006 1.191	248.3 98.42	10. 3.963	.2.525 1.	3.390 1.343	2098. 831.3	2151 0.852	44. 36.
H FL	0.313	0.462 0.746	0,867 1,433	79.26 118.4	2.950 4.766	0,744 1,205	1616	618.3	0.634 1.025	15.
CS B Fr.	0.495	0.726	1398	1155 3960	4.650 15.95	1173	1.576 5.406	975.4 3345.	3.429	29.3 100

MONEY RATES.

LONDON MONEY RATES

FINANCIAL FUTURES

### Gilts recover with pound

VOLUME REMAINED high in long and a strong recovery in the UK term gilt futures on the London trade delicit. The March contract International Financial Futures rose to a peak of 114-22, amid suggestions that the market will have to tract finished from at 114-10, compared with 113-20, with dealers compared with 113-20, with dealers compared with 113-20, with dealers compared at 115-10. Profit taking took the pared with 113-20, with dealers commenting that the market does not contract beck, but this was generally want to be short of gilts at present.

March gilts opened a little weaker at 113-18, reflecting the fall of sterling. March delivery also opened weaker against the dellar and the D-Mark. at 39-21, compared with 39-25 at the but gained ground as the pound previous close, but finished little recovered on the foreign exchanges. The market was also encouraged by a forecast from Credit Suisse First shout the fall of sterling, but was Boston of zero UK labour costs in underplaned by speculation about a manufacturing industry during 1987. Conservative victory, if there is an

2.90 12.80 7.80 7.80 2.90 7.80 2.90 7.80 0.25 0.75 12.00 7.90 4.40 2.30 6.70 5.45 1.90

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Company Notices

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TECHNOLOGY FUND

10a, Boslevard Royal

NOTICE TO SHAREHOLDERS

NOTICE of MEETING

THURSDAY 22nd JARUARY, 1967 AT 12 a.m. for the prepare of considering the follow

To retelve and adopt the balance cheet and spacement of operations as at 32st Delegar,

. To grant discharge to the directors and the standary auditor in restect of the existing of their paradites in 31st October, 1986.

To receive end act no the statutory normation for election of directors and the statutory auditor for a new term of one year.

The phareholders on record at the date of the receiping are emitted to vote or give probles. Process should arrive at the registered utilize of the complete and lamin than 24 board before the

NOTICE OF MEETING THEE ASSURANCE SOCIETY

5. To appropriate the combigs.

6. To brance any other business.

The resolutions will be carried by a major present or represented.

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Spot 1-um. 3-mit. 6-mit. 12-um. 14705 14705 14594 14496 14135 MAN-STERLING to per f. LIFFE-STENLING 625,800 \$ per 6

Listes (Kigh Link Pres 1A625 1A645 1A610 1A995 1A460 1A485 1A485 1A460 1A300 1A335 1A300 1A270 BEAT DJI BY 350% \$1 million has grown to over \$33 million with income and Profits Reinvestments 1973-1986 after commissions without leverage or market timing. Adulgs on Underviewed Growth Stocks Minimum portfolio \$50,000. Chape High Law 1.4430 — — 1.4465 — — 1.4310 — — Write or call:
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MOTICE IS HEREBY GIVEN THAT & SPECIAL GENERAL MEETING of the above Society will be held at the Replaced Office on Thursday 22nd January 1967 at 9.15 a.m.

THE SECOND

DEFENCE CONFERENCE

Entering the American Market

LONDON January 29 & 30 1987

The Speakers will include:

The Rt Hon The Lord Chalfont, OBE, MC, PC Mr John Maresca Dr Allan T Mense Dr Edward Luttwak

Lord Trefgarne Mr Mark K Miller Mr Colin M Chandler

Dr Joseph Luns, GCMG, CH The Rt Hon Michael Heseltine, MP Mr John A Kerns

FINANCIAL TIMES

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MONEY MARKETS

PRESSURE BUILT up on curren-cies and interest rates in Europe yesterday. As speculation mounted about a realignment of the Euro-pean Monetary System after the West German Federal elections at the end of this month, pressure increased on the weaker members of the EMS. The French authorities made no further adjustment to offi-cial interest rates, after increasing the seven-day-intervention rate by ½ per cent to 8¾ per cent on Monraised by 0.05 per cent to 7.40 per cent. Yesterday's move increased speculation that the central bank would increase its 8 per cent dis-count rate, but was also seen as an indication the Government would not seek a major downward adjust-ment of the franc in any EMS realignment
In Landon three-month inter-bank finished unchanged at 11%-11 per cent. The Bank of England initially

forecast a money market shortage of £300m, but revised this to £200m at noon and to £250m in the after-If clearing bank base lending rate 11 per cent since October 15

day, but are prepared to let the franc sink to its EMS floor against the D-mark.

In Copenhagen the Danish Central Bank raised the overnight money rate to 10¼ per cent from 9¼ per cent, in a move to support the krouer. The Danish currency was fixed at its lowest permissible level against the D-mark within the EMS.

cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained f229m, with the unwinding of repurchase agreements on bills absorbing £1,015m; Exchequer transactions £155m; and bank balances below target another £90m. These outweighed a fall in the note circulation adding £135m to liquidity, and the take-up of temporary facilities offered by the Bank of England of £1,067m.

NEW YORK

11-107

Trensury Bills (sell): one-month 10% per cent; three-months 10% per cent; Sant Sills (sell): one-month 10% per cent; three monds 10% per cent; Trensury Bills; Average sender rate of discount 10.477 p.c. ECGO Flaste Finance Scheme IV reference date towershore 29 to December 30 (inclusive): 11.392 per cent. Local Anthority and Finance Houses series days notice, others seven sharf fixed. Finance Houses Sare Rate 11% per cent from January 1, 1987: Bank Deposit Rains; status at seven days notice 4.35-4.575 per cent. Certificates of Tax Deposit (Series 47) Deposit £100,000 and over held under one month 10% per cent; one-street months 11 per cent; three-the months 111, per cent; shoulder one month 11% per cent; one-street months 11 per cent; three-the months 11, per cent; shoulder 11% per cent. Deposits shall content for the per cent from December 14. Deposits ball under Sarles 5 10% per cent. Deposits withdrawn for

5%. (b) Figures in pare accepts prior to labor. If

nesday Januar. Marie Control

Dec 8 Dec 18 Dec 19 Jan 5 Dec 22 Jan 8 Jan 9 Jan 19 Jan 12 Jan 22 Jan 23 Feb 2

" New time dealings may take place from 9.00 am two business days earlier. The UK securities markets closed buoyantly last night as renewed firmness in sterling together with another strong start on Wall Street, helped London's equities to ride comfortably over a post-holiday

traders' market, with the pro-fessionals hedging against posi-

Merchant banks attracted a con-siderable amount of speculative

support with Hill Samuel the dominant feature as the shares jumped 18 to 428p to the accompaniment of

rumours that Australian concern, Westpac, had acquired a 5 per cent

stake in the group. Thinwar Ben-son were also subjected to stake-building rumours with a far-east-

direct its acquisitive attentions to Norfolk Capital; Scottish fell 24 to

1951/sp.
The Building sector displayed

several bright spots. Suggestions that Adelaide Steamship intended

to increase its stake in Bine Circle
to around 15 per cent in the near
future boosted BCI 14 to 688p,
while Coment Readstene gained 8
to 154p on reports of Irish buying
interest. Costain attracted support

on talk of a re-rating and rose 7 to 501p while Alfred McAlpine firmed

4 to 402p ahead of results due next

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

Tuesday January 6 1987

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Over 5 yrs....

Over 5 yrs...

Index-Linked
Inflat n rate 5%
Inflat n rate 5%
Inflat n rate 10%
Inflat n rate 10%
Inflat n rate 10%

15 Debs & 16 Leases 17

8.84 8.75 7.88 8.39 9.10 9.99 7.41 9.05 7.41 9.05 7.41 9.31 7.41 9.31 5.17 7.41 9.31 5.17 7.44 11.13

+0.6 +0.7 +0.4

tions in the cash market.

Hill Samuel feature

gains of half a point, on the back of al light retail demand.

Share prices were weakened at mid-session by a rash of market rumours of further, serious developnents on the insider trading from But the rumours were taken with a plach of salt by traders, and the market recovered smartly after lunch when strong US buying of Glazo, Imperial Chemicaland Cons Gold led the industrials ahead

aimilar sized stake and the close here was 20 better at 545p. Morgan Grenfell continued to reflect weekend Press speculation that At the close, the FT-SE 100 index was 10.7 up at 1680.7, having recouped an early fall of nearly three points. The FT ordinary index, the troubled concern is now ripe for a bid and moved up 5 afresh 380p. Benchmark, still reflecting the merger with the Manchester and London-based firm of stock-brokers, Charlton Seal Dimmock, The rumours of fresh insider trad-

ing scandals seemed to be a re-run of old tales that another four brok-ers and two merchant bankers may be under official supervision. Trad ers noticed that at least one major marketmaker cut his prices as the rumours circulated suggesting a wish to pick up stock cheaply. The traded options market saw heavy emand for the FT-SE 100 contract which moved to 1700 for near dates, seemingly on demand from proessional traders.

These indications that market

traders were short of stock were accompanied by signs of good US demand for selected issues. Imperial Chemical Industries, with 1.8m dealt in and traded options also busy, quickly recovered from a period of underperformance against the rest of the market.
The best feature was Glaze (2.4m), which is now attracting US Japanese investors who drove the price higher ahead of Glaxo's pre-

drug project.
Mercantile House slipped lower, Mercantile House slipped lower, with the market unhappy over the role of Alexanders & Cruickshank, the group's brokerage arm which acted as buying agent for CrownX, Monday's Canadian purchaser of a near 15 per cent

Christmas disclosure of its latest

stake in Mercantile. The Government bond market quickly shook off minor losses and moved up smartly again as ster-ling recovered ground. Traders commented that "there are no modest demand, including a trickle of retail interest, was

FT-ACTUARIES INDICES Due to production difficulties, three indices within the FT-Actuaries series relevant to December 31 1986 were incorrectly shown in yesterday's edition. Corrected figures are as fol-lows: Insurance Life (group 65) 869-23; Financial Group (61) 615.75; All Share

EQUITY GROUPS

& SUB-SECTIONS

Building Materials (27) Contracting, Construction (29) Electricals (12)

Mechanical Engineering (61) ... Metals and Metal Forming (7) ... 

Freuers and Distillers (22)
Food Manufacturing (25)
Food Retailing (16)
Health and Household Products (10)

Electronics (38) ...

OTHER GROUPS (88). Agencies (17) ... Chemicals (21).

48 Miscellaneous (2) 49 INDUSTRIAL GI 51 On & Gas (18) ....

(0) \_\_\_

I 5 years...

2 5-15 years .

5 All stocks...

6 5 years....

7 Over 5 years.

3 Over 15 years.

59 500 SHARE INDEX (500)

FINANCIAL GROUP (118)

ment, Trusts (97)

99 ALL-SHARE INBEX+(729)

FT-SE 100 SHARE INDEX 4 ...

**FIXED INTEREST** 

Mon Jan 5

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+0.21 140.41

-0.81 153.59

+0.02 |131.41

-0.01 116.03

+0.24 113.04

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### Equities close higher after early setback helped by

gilt-edged and Wall Street enough to take prices ahead. Firm futures trading underpinned the each market. Once again, rises in index-linked issues suggested some underlying worry about inflation. But the IL sector was largely a

FINANCIAL TIMES STOCK INDICES										
		_	_	_	Dec.	Year	198	<b>SE7</b>	Since Co	aplizion
	6	Jan. 5	. <b>Las</b> t.	98. 31	30	390	Eligh.	Low	High	Low
Government Secs	84.49	84.66	8L76	83.62	85.55	5L79	94.51 (284/86)	80.39	127,4 (91/35)	49,18 (3/1/5)
Fixed laterest.	90.83	90.42	90.23	89.72	89.60	88.15	97.68 (777786)	86.55 (23/1/86)	105.A (28/11/47)	50.53 (3/1/75)
Ordinary V	1,334.3	1,322.8	1,320.2	1,313.9	1,308.6	1,135.3	1,425.9 (34/86)	1,094.3 (141/86)	1,425.9 (3/486)	49.4
Gold Mises	315.6	308.9	304.I	286.9	298.2	2712	357.8 (221986)	185.7 (187/86)		43.5 (26/1071)
Ord. Div. Yield	4.29	4.35	4.36	4.36	4.39	4.37		S.E. A	TIVITY	
Earstage Yit %(full)	10.16	10.29	10.33	10.36	10.39	10.86	la	fices	Jan. 5	Jan. 2
P/E Ratio (net) (*)	12.08	11.95	11.86	11.84	11.81	11.36	Gift Edged		139.4 267.5	90.2
SEAQ Bargules (5 pm)	34,339	34,376	19,640	22,524	25,720	_	Equity San	*	1733.3	246.2 648.05
Equity Turnover (Em)	'-1	857.54	320.58	498.96	620.71	517.97	5-Day Ave		103.0	85.5
Equity Bargains	-1	41,268	37,993	32,172	35,743	24,739	Gift Edged Equity Barry		231.8 1232.6	203.1 1158.9
States Traded (mil)	<b>-</b>	335.1	220.8	277.8	334.4	294.0	Espaity Valo		1232.6	1158.9
© Opening 10 a.m. 11 a.m. Noon 1 p.m. 2 p.m. 3 p.m. 4 p.m. 1328.8 1328.8 1323.3 1320.4 1321.6 1324.0 1324.3 1328.9 1330.2										
Day's High 133 Bagis 100 Govi.	4.5. D	ay's Low	1320.0	, Ordinary	1/1135, Ga	W Wies I	2955, SE	Activity 197	4 48=116	A
	OMBON	OFGAR	T AND	ATEST	SHARE	INDEX:	TEL OL	46 8026		

brokers, Chariton Seal Dimmock, added 8 afresh at 55p.

A quietly firm Lloyds Broker sector had PWS International a couple of pence dearer at 314p following the sharply higher preliminary profits. Composites showed to good advantage particularly in afterhours dealings. Perennial takeover favourite Commercial Union added sector. Brent improved a penny to 160p following details of the acquisition of J. & S. Laboratories of the US for \$2.8m. Spectra Auto Engineering rose 13 to 98p in the wake of Burmah's agreed offer of

at 281p and General Accident gained 13 at 830p.

Another lively business developed in Allied-Lyons, finally 10 up for a two-day advance of 13 to wahe of Burman's agreed ower or Spip per share cash. Sellers held sway among lead-ing Stores. A few large lines of Bears came on offer and the close was 14 lower at 122p as nearly 6m shares changed hands. Worlworth, the subject of a New Year invest-ment recommendation religious 336p as 10m shares changed hands buyers easily holding sway despite conflicting recommendations from analysts. Brokers Greenwell Monment recommendation, relinquished 11 at 600p and Harris Queensway gave up 3½ at 201p. Marks and Spencer softened 2½ at 180p and Sterehouse lost 3p at analysts. Brokers Greenwell Mon-tagu issued a "buy" notice follow-ing a lunch with the company on Monday, but Wood Mackenzie advise clients to switch into Bass. The latter bardened a few pence to 738p. Matthew Brown dipped 5 more to 549p—a two-day decline of 11—reflecting worries that former suitor Scattish and Newcastle may direct its acquisitive attentions to

GEC dip and rally

GEC succumbed to profit-taking after the recent good recovery which has greeted numerous New Year recommendations and dip-Which has greendations and dip-ped to 187p at one stage before rallying to close only a penny cheaper on balance at 190p following a turnover of 6.6m shares. Elsewhere in Electricals, Ferrant attracted renewed speculative supwhile Eurotherm advanced 21 to improved a couple of pence more for a two-day gain of 10 at 32p after comment on the management buy-out of its Capetronic subsidiary. Quest Autematica jumped 10 to 36p in a thin market.

month. Demand in a restricted market lifted Wilson (Canaelly) 10 to 250p, while traditional option activity gave a strong boost to Helical Bar which surged 23 to 463p. Sandell Perkins put on 5 to 190p in Hawker, still responding to a broker's circular and news of the ed acquisition of Connectron of the US, rose 16 more to 477p response to the good interim results and confident statement. in a turnover of 1.2m shares. Else where in the Engineering sector, comment on the interim figures. prompted a rise of 10 to 449p in Recently overlooked ICI picked up amid reports of revived American buying and the price rose 20 to 1089p. Elsewhere in the Chemical Carcio, while Simon Engineering advanced 17 to 305p on the

(approx.)

Dec 31

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11.11

21.78

bid is not to be referred to the Monopolies Commission. Tyzek Turner, still reflecting asset injec-tion hopes, attracted further tion hopes, attracted further buying and put on 15 more to 195p. News of the bid approach left Mitchell Somers 15 to the good at 145p, while Stothert and Pitt moved up 15 to 93p in belated response to the new board appointments following shareholders approval of the survival plan put forward by Hollis and the company's bankers.

speculative demand and put on 9 to Among Hotels, Northik Capital added I to 304sp following con-firmation that the company has received an approach from Scott-

Glaxo revive

Selected pharmaceutical issues staged a revival after the recent quiet spell. Wellcome were briskly traded (48m) at 245½p, up 9, while Glam, (24m) with the aid of US support, improved & to £10½. Reckitt and Calman gained 14 at 878p. Esewhere, there was a partieularly good trade in Kansan (8.8m) which closed 1½ on the day at 190½p. Publicity given to a broker's circular prompted a further rise of 12 to 387p in Bedresse, while Wade Potteries also stood out with a rise of 7 at 165p in response to the

escouraging tenor of the chair-man's annual statement. Property development potential brought a revival of demand for Associated British Perts, 13 to the good at 338p. Demand was also forthcoming for Reed Executive, 30 higher at 385p and Evered 66 dearer at 208p. US favourite Senters B advanced 8 to 364p. Metal Bex ardened a couple of pence to 185p following the

CALLS

misition of Rudco Industries of the US for \$13.9m. In contrast, Pearson, a strong market last week on persistent bid speculation, reacted to 588p before settling 8 cheaper on the day at 602p. Buying ahead of the interim results due around the end of the month lifted Zetters 9 to 220p. Heward and Wyndham more between extremes of 16p and

prior to closing 2 cheaper on the day at 20p following a bid of 15p per share cash from Cayman Securities. buyers continued to favour Jaguar and, with the aid of further press mention, the shares rose 10 more to 557p. AE also attracted fresh support and closed 8 up at 281p while Caffyns responded to small

demand by rising 8 to 261p. from Associated Newspapers, which yesterday announced the sale of its 30 per cent interest in the Esquire magazines group, and the price reacted 9 more to 400p. Brokers L. Messel and Co recently advised clients to be cautious until publication of AN's preliminary results, which are due tomorrow. Unconfirmed reports of a favourable circular on the er/Packaging sector underpin-sentiment without producing ned sentime

**LONDON TRADED OPTIONS** 

PUTS

The series is \$1. The large

Irish influences helped Jefferson Smarfit rise 8 to 333p. Advertising port and Santchi and Santchi mproved 6 further to 736p while Valin Pollen, awaiting today's annual figures, advanced 10 to 180p. Addison Consultants were bought and rose 6 to 127p.

Recently becalmed leading

Recently becalmed leading Properties were excited yesterday by the disclosure that BAT Industries holds 5.6 per cent in MEPC: the latter surged to 353p on the announcement before easing back to close 10 higher on the day at 349p. Land Securities touched 346p in sympathy before closing 4 dearer on balance at 345p. Ham-merson A. a dull counter on Monday, rallied 5 to 455p. On the other hand, Property and Reversionary, whose offer for Lynton went unconditional on Monday, shed 7 nore to 241p, a two-day loss of 27, southend Stadium continued to reflect property development hopes and gained 16 more to 31 lp. Revived property hopes Revived property hopes touched off a flurry of speculative inquiries and a rise in Mersey Deck units of 7½ to 38½p.

Several recently-strong Textiles suffered as profits were taken and funds switched to other issues.
Affected most were Sekera down 5 at 128p. and Early's of Witney, 161p, and J. Beales, 193p, both of which lost 5. Those to benefit were Gaskell Broadloom, 5 up at 121p, and John Crowther, 4 higher at 153p. John Foster picked up 4 at 75p. while Press comment addi-tionally helped Allied rise 8 to

Enthusiasm for money broking ing further developments in the Mercantile House/CrawaX situa-tion. The former made further beadway initially but after touching 390p slipped back to tolose a net 4 lower at 380p. Profit-taking brought International City back 5 to 210p and London Mer-chant Securities down 4 to 55p but MAI, on the other hand, retained all of Monday's sharp rise to close at 480p. Elsewhere, Ivory and Sime rose 6 to 166p and Frest Group 5 to 133p, while J. T. Parrish advanced 13 to 380p and Silvermines 7 to 115p, the last two stocks in limited

Oils steady The Oil majors gave a steady performance following a reasonable two-way business. British Petroleum, 6.4m traded, were virtually

NEW HIGHS AND LOWS FOR 1986/87

(S), Property (7), Textiles (3), Proper (5), Property (7), Textiles (3), Property (7), Textiles (3), Property (7), Textiles (3), Trests (3), Property (3), Prope HeW Lows (11)
Stores (1) Ashley (Laura). Electricals
(3) Detron, Instem, Systems Reliability,
Foods (1) Cranswick Mill. Industrials
(4) Ashley Indi. Tst, Dominion Intl, Hille
Ergonon, NMW Computers. Trasts (2)
Smith New Court, Transcontinental

CALLS

overnight domestic markets. Golds finished easier for choice with Metana 7 lower at 368p on profitaking, while Sens of Gwalia shed 5 to 398p as the company placed Im shares at A\$8.50 apiece with clients of J. B. Were. Ashton, helped by the buoyant diamond sales figures. attracted "call" option activity and improved ? to 172p prior to closing unaltered at 170p. British Gas bid hopes contrup. Strush Gas bid hopes continued to boost Tricentrel, up 2 more at 74p, while renewed speculative buying on suggestions that the company could attract another suitor lifted IC Gas 15 to 621p. Elsewhere profit-ration land Traded Options

another suitor lifted IC Gas 15 to 621p. Elsewhere profit-taking left. Coursy Petroleum 5 off at 105p, while Goal Petroleum fell 8 to 42p as a large line of stock came on offer following news that Morgan Grenfell had reduced its holding in

Mining markets continued the New Year in impressive style led by De Beers Deferred which advanced 19 to 532p following publication of the Central Selling ds which attracted 2,372 calls. organisation of the Central Setting
Organisation's world diamond
sales which showed a 40 per cent
increase on 1965—figures which
exceeded most estimates.
Perennial takeover (avourite
Causalidated Gold Fields came in

consulated Gold Fields Came in for yet another speculative run, rising 19 to 683p in response to substantial late business which partly reflected the physical covering of sizeable traded option post-

regarded as a specialist in Over-seas Trading stocks prompted a good rise of 15 to 525p in Incheape and caused a sympathetic gain of 12 to 473p in Harrisons and Cres-

A firmer showing by bullion, which although slightly below the day's best, still settled above the \$400 an ounce barrier, proved sufficient to stimulate revived sup-port for South African Golds in most international trading centres. Dealers were quick to point out, however, that share price rises were often exaggerated by stock shortage. The FT Gold Mines index rise of 26.7 over the last three trad-

Australian mines displayed a decidedly irregular profile despite yet another record performance by

Demand for Traded Options conday, dealers reported substantial interest throughout the stocks available. Total contracts fransoffer following news that Morgan acted amounted to 32,763. British Grenfell had reduced its holding in the company.

Demand from a broking house regarded as a creatilet in Outer.

calls and 700 puts. Affice-Lyens contributed 1,682 calls reflecting the strength of the underlying share price following a broker's lunch. Late demand was evident for positions in Cansalidated Gold Fields which attracted 2.372 calls.

**Traditional Options**  First dealings Jan 5 Jan 19 Feb 2 Last dealings Jan 16 Jan 30 Feb 18

Last declaration Apr 2 Apr 23 May 7

Apr 13 May 5 May 18 or rate indications see end of Unit Trust Service Lively conditions prevailed in with calls tre British Telecom, Rivin, C. H. Bailey, Westwood Dawes, Stewart

Ashton Mining, Andiotronic Helical Bur, Acorn Computer Fergabrook, Skyline, Goldfields, Holmes dealt in for the put and a double, while double options were struck in Birmid Qualesst, Amstrac Andistronic and Nerfelt Capital

TRADING VOLUME IN MAJOR STOCKS

Barton Cable & Wire Cattory Schwes Costs Viyella Comm, Union Cons. Gold Courtanids Grand Met Grand Met Grandian R.E. GKNO

	AND DESCRIPTION OF REAL PROPERTY.	nue q	10 -12
RISES AND FALLS	YESTERI	MY	
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Corporations, Dominion and Foreign Bonds	566 243	366 101 23	14 595 299 52 10 83
Oils Plantations	38	23	32 32
Wines	72 127	29 19 .	83 54
Totals	1,110	579	1,116

61

#### **LONDON RECENT ISSUES**

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1/2	F.P.	20/1	198	173	Flexher King 10p	173	-2 .	R4.5	25		15.
194	F.P.	61	170	107	+Gaynor Group 10p	107		1267			16
113	F.P.	191	108	105	#Halls Homes&Gdus 50	107	+2	R2.77	2.7		11
į23	F.P.	50 14/1	28 121	24	Harmony Leisure Sp	26	J	10.1	124		20.
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### NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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### AMEX COMPOSITE CLOSING PRICES

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### FINANCIAL TIMES WORLD STOCK MARKETS

**WALL STREET** 

### More efforts build on record high

CONSOLIDATING recent gains. Wall Street stock prices edged higher yester-

day on heavy volume, writes Roderick Oram in New York. Trading remained thin in credit mar-

kets with prices turning mixed. The Dow Jones industrial average closed up 3.51 at 1,974.83. A record, having dipped during the afternoon below its opening level. The New York Stock Exchange composite index gained 0.42 points to 144.81, still falling short of its record of 145.75 set on September 4.

NYSE volume remained strong at 190.5m with advancing issues outpacing those falling by a margin of about three to two, easing considerably from the 10to-one ratio of Monday and last Friday.

At its best level during the morning the Dow Jones industrial average was ahead more than 12 points but it failed to hold on to all the gains despite continued buying by institutional investors. The market may continue its pause for breath, many analysts believe, after the hectic gains in the two previous ses-

Among blue chips. Allied Signal was unchanged at \$42%. American Express

FT-Actuaries

STOCK MARKET INDICES

1,974.83

841.53

213.78

1,690.7

842.98

315.6

404.50

102.40

279.90

890.07

Jan 6 Previous Year ago

840.72

213.67

1,680.0

308.9

837.72

1.971.32 1,547.59

252.19 210.65

697,06

176.14

1,135.3

1,424.1

277.2

DM

Ure

900

800

700

600

500

NEW YORK

DJ Industrials

DJ Transport

S&P Composite 252.78

DJ Utilities

LONDON

FT Ord

TOKYO

Nikkai

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELGHTE.

CANADA

Metals & Mins

Credit Aktien

Belglan SE

Composite

Montrea

Portfolio

DENHARK

SE

FRANCE

CAC Gen

Ind. Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm

METHERLANDS

ANP-CBS Gen

ANP-CBS Ind

Oslo SE

HNOADODE

JSE Golds JSE Industrials

Madrid SE

SPAIN

Straits Times

ITALY

Metals & Minis

FT-SE 100

FT-A All-share

FT Gold mines

FT-A Long gilt

KEY MARKET MONITORS

rose \$1 to \$60%, Chevron edged up \$% to \$46%, Du Pont advanced \$% to \$88%, McDonald's added \$% to \$64% and Philip Morris was unchanged at \$75%.

Retail stocks were strong for the second day as several analysts became more positive about their earnings' out-look. Sears Roebuck gained \$1% to \$43%, K mart advanced \$% to \$4%. Federated Department Stores rose \$21/4 to \$87%, J. C. Penney added \$2% to \$77% and Dayton Hudson was up \$% to \$44. Toys "R" Us, which reported on Monday strong Christmas sales, gained a further \$1% to

BankAmerica slipped \$\% to \$14\%. It gave late on Monday its official rejection as expected of the takeover bid worth about \$22 a share from First Interstate, which lost \$% to \$55%. BankAmerica announced several measures including plans to raise an unspecified amount of equity capital.

Boeing dropped \$2% to \$51 after Morgan Stanley's analyst cut his earnings forecast and changed his recommendation to a "strong hold" from a buy.

Wang Labs fell \$1/2 to \$111/4. It said its second quarter loss would be greater than the first's \$30m. Among other computer makers, IBM eased \$% to \$123. Digital Equipment advanced \$1% to \$109, Data General gained \$\% to \$32\% and Cray Research added \$1\% to \$86\%.

Gulf & Western rose \$1/2 to 566. It announced net profits from operations of \$3.66 a share for the year ended December against \$2.15 a year earlier.

Credit markets turned mixed in light trading with no perceptible reaction to the Administration's budget proposals or unfavourable news such as a far larg-

MAN.

CURRENCIES

Previous

159.45

6.395

1.6285

40.15

1.3765

2.1810 3.1975

1,343.5 1,978.50

US DOLLAR

1.91200 1.9305

158.75

6.3875

6,6125

1.340

40.05

1.3740

FT-Ordinary Share Index

STERLING

1,4765 1,4730 2,835 2,8425

234.75

1,979

59.15

234.25

2.38

59.15

9.4325

er than expected rise on Monday in money supply for the latest period. The price of the 7.50 per cent Treasury long bond slipped 1/22 of a point to 1011/4 at which it yielded 7.35 per cent. With

the exception of a few marginal price increases, the trend, was generally lower. Three-month Treasury bills eased two basis points to 5.49 per cent, six-month bills eased four basis points to 5.19 per cent and year bills slipped three basis points to 5.50 per cent.

Markets are taking no notice of the budget presented to Congress on Mon-day because its final form will be substantially altered by political horsetrad-ing before it comes into effect in October. The budget's economic forecast are more closely in line with Wall Street's own forecasts since the Administration downgraded its estimates late last year.

Little credence is given to the administration's forecast of a federal govern-ment budget deficit in fiscal 1988, begin-ning this October, of \$108bn. Private sector forecasts are around \$175bn to \$180bn, assuming the economy does not slip into a recession.

**EUROPE** 

### **Zurich stays** on path to new peaks

SOME OF THE MOMENTUM displayed on the European bourses in recent days was lost yesterday due to some market

closures for the Epiphany holiday.

Zurich remained in the spotlight, however, with a fresh 4-point gain in the Credit Suisse stock index to a record

The overnight surge on Wall Street combined with the strong New Year rally in Tokyo to underpin Swiss sentiment although the weaker dollar dampened enthusiasm in some exchange-rate-sensitive sectors such as industrials and chemicals. Moves by Credit Suisse and Union Bank to trim key interest rates fuelled early gains, dealers said. Institutional demand persisted for most of the session although some light profit-taking turned some sectors from their

highs. Nestle, which managed a SFr 150 jump on Monday, rose a further SFr 25 to SFr 9,950, another new 12-month high. Chemicals held virtually unchanged although leading pharmaceuti-cal group Hoffmann-La Roche jumped SFr 3,000 to SFr 115,500 and its "Baby" 1/10th share added SFr 100 to SFr

The bond market was overshadowed by the record performance in the stock market and prices firmed in quiet trad-

Paris was actively higher on the Government's tough stance on the public sector disputes and an expected influx of liquidity from the 1986 dividend payouts. Prospects of lower French interest rates, stemming from a realignment of European Monetary System currencies, ignited strong demand as Mr Eduard Balladur, economics minister, rejected the possibility of devaluation of the franc.

Both interest rate and currency sensitive issues enjoyed steady demand with foods, car and electronic stocks particulary active.

Beghin Say closed with a FFr 37 jump to FFr 597 and BSN scored a FFr 165 rise to FFr 4,450.

Frankfurt finished firm on improved volume on the strength of the US, Japanese and Swiss markets. The Commerzbank index gained a further 12.8 to 2,048.3. Trading was largely unaffected by the

news that November new industry or-

ders fell 0.9 per cent after a 1.9 per cent

decline in October and that November industrial output was 0.8 per cent higher after a 1.0 per cent gain in October. Bond prices suffered some mild profittaking with longs up to 15 basis points lower. Prices, however, were largely supported by the dollar's weakness

against the D-Mark. The Bundesbank sold DM 21.4m of paper compared with DM 96.8m on Mon-

Brussels was higher in light trading as Petrofina, which represents over 25 per cent of the bourse's capitalisation, jumped BFr 290 to BFr 9,500, just below its 1986/87 high, while Solvay at BFr 8,400 was BFr 170 higher.

Sentiment among utility and other interest rate-sensitive stock was dampened by Banque Nationale de Belgique raising its three-month Treasury bill rates by a half percentage point to 7.90 per cent Amsterdam closed mixed to lower des-

pite the continued strength shown by Wall Street, Internationals were easier as the dollar continued to lose ground. Oslo gained some inspiration from the

early gains in New York while Milan, Stockholm, Madrid and Vienna were closed for holidays.

THE MOMENTUM from Wall Street's rally and its own climb on Monday pushed Toronto sharply higher again. The composite index neared its record high of 3,129.11, set last April, with gains easily outstripping losses.

Transport conglomerate Canadian Pacific led actives with a CS1/2 gain to CS18% on 928,000 shares traded.

Montreal was a little higher across the

### Inspired run tops 19,000 hurdle

THE UPSURGE on Wall Street stimulated investors to buy in Tokyo yesterday, pushing the Nikkei market average to a record high, writes Shigeo Nishiwaki of Jiji Press.

Financial issues advanced on a broad front in the morning along with blue chips, taking the 225-issue indicator up by 220 to 19,041, the first rise above

But the hectic buying proved short-lived and profit-taking increased later.

Another record was reached in Taiwan. where the stock market's weighted index closed at 1,063.13, up 24.02 from the previous high of 1,039.11 set on Decem-ber 29, the last day of trading. Banking, cement, paper and chemical stocks made the strongest gains.

The market average finished the day 116.21 up at 18,936.76, just above last August's high of 18,936.2.

Volume totalled 472.80m shares against 207.52m for the half-day session on Monday and gains led losses by 487 to 314, with 140 issues unchanged.

City and trust banks continued to score huge gains due to expectations of record profits for most leading financial institutions. Major brokerage houses explained that investors now see these stocks as relatively cheap since financial issues were not spotlighted during the market's sharp advance in August and October last year.

The active list contained four financial

stocks. Tokio Marine and Fire Insurance with 15.13m shares added Y10 to Y1,890. Sumitomo Bank rose Y70 to Y2,630, Chiba Bank Y60 to Y995 and Sumitomo Trust & Banking Y100 to Y2,890.

Other notable advances were Bank of Tokyo, Y130 up at Y1,170, Mitsubishi Bank and Fuji Bank, Y190 higher at Y2,200 each, and Tokyo Trust & Banking, Y120 up at Y1,980.

Some domestic demand-related stocks firmed, with Kajima advancing Y50 to Y1,550 and Kumagai Gumi Y60 to Y1,290. Toa Harbor Works closed at Y681, up Y21, Penta-Ocean Construction at Y770, up Y31, and Toyo Construction at Y597,

Investors also bought some blue chips which had been sold on Monday because of the sharp appreciation of the yen. Matsushita Electric Industrial and NEC added Y30 each to Y2,050 and Y2,030 reanned 130 each to 12,030 and 12,030 respectively. Hitachi rose Y10 to Y1,090, while Sony closed Y60 higher at Y3,430. However, there were many losers among other blue chips. Toshiba fell Y21 to Y621, Mitsubishi Electric Y12 to Y423 and Pioneer W60 to Y2,400 and Pioneer Y60 to Y2,400.

Dainippon Ink & Chemicals remained

in the top slot of the active list with 28.74m shares changing hands, while Mitsubishi Metal was second with Y28.44m shares. They rose slightly, adding Y4 to Y619 and Y7 to Y570 respectively.

Major biotechnologies weakened. Sankyo fell Y40 to Y1,690, Takeda Chemical Y30 to Y2,580 and Yamanouchi Pharmaceutical Y70 to Y4,050 under profit-taking pressure after the end-ofyear spurts.

Bond prices rose moderately but trading was thin, with only dealers making small-lot transactions. The yield on the most heavily traded 5.1 per cent govern-ment bond due in June 1996 declined only slightly from 5.280 per cent on Mon-day to 5.250 per cent.

#### LONDON

RENEWED FIRMNESS in sterling combined with a strong opening on Wall Street to inject renewed life into London equities while government bonds scored gains of up to half a point.

By mid-session prices and sentiment had cooled on more rumours of fresh developments in the recent insider dealing

By the close the FT-SE 100 was 10.7 higher at 1,690.7 after an early fall of 3 points while the FT Ordinary index finished 11.5 higher at 1,334.3.

Chief price changes, Page 35; Details, Page 34; share information service, Pages 32–33

#### SINGAPORE

SELECTED blue chips and trustee stocks rose modestly on bargain-hunting and short-covering in quiet trading in Singapore where most investors still kept to the sidelines.

The Straits Times industrial index rose 7.83 to 890.07 on turnover of 12.9m shares up 4m from Monday.

Among actives, OCBC rose 5 cents to \$\$9.05 on 666,000 shares traded. In the same sector, Malayan Banking was up 10 cents at S\$5.25, but other banks made only marginal gains.

#### **AUSTRALIA**

TAKEOVER activity helped to push share prices in Sydney to yet another peak, with the All Ordinaries index posting its sixth consecutive record on a 20point rise to 1,523.1.

Brokers also attributed the advance to the strong gold price and to a New Year shortage of scrip combined with a lack of sellers and Wall Street's rise was also

a factor. Among media issues, Herald and Weekly Times, at the centre of a bid battle between News Corp and J. N. Taylor Holdings, eased 15 cents to A\$13.65, while News Corp added 30 cents to A\$19.30, a 12-month high, and J. N. Taylor 10 cents to A\$8.10.

HWT's largest shareholder Queens-land press, subject of a bid by John Fair-fax, lost 20 cents to A\$20.00, while Fairfax added 30 cents to A\$11.50.

Elsewhere, BHP rose to a 12-month high of A\$9.24, up 12 cents, on speculation of another bid by Bell Resources or Elders IXL. Bell added 28 cents to A\$4.70 and Elders 20 cents to A\$4.78.

#### **HONG KONG**

HEAVY OVERSEAS and local demand pushed Hong Kong to a new peak under the influence of Wall Street's surge and positive domestic factors. The Hang Seng rose 31.47 to 2,583.87, well above the December 31 high of 2,568.30. Trading was active against a back-ground of continued high liquidity,

hopes of strong economic growth and a steady rise in property values. Turnover reached HK\$1.16bn after HK\$799m on

John Mackenzie, area general manag-er of Standard Chartered Bank, said in a statement that the colony should have another dynamic year in 1987, with eco-nomic growth of 5 to 6 per cent.

#### SOUTH AFRICA

THE SURGE in the bullion price boosted gold share prices in Johannesburg, pushing the all-gold index to a record high close. According to provisional fig-ures, the index ended 53 points higher at 2,066. The previous high was 2,061.0 last

September.

Market indicator Vaal Reefs ended R8
higher at R405 for a two-day gain of R27.
Driefontein was up R1.25 at R74.25 and
Anglo American Glorose R13 to R353.
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Diamond share De Beers gained 60 cents to R36.35 on the prospect of higher sales for 1986. Among other mining is-sues, Rustenburg Platinum added 60 cents to R48.60.

